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FISCAL YEAR 1987 BUDGET REVIEW

HEARINGS

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

NINETY-NINTH CONGRESS

SECOND SESSION

FEBRUARY 19, 20, AND 21, 1986

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FISCAL YEAR 1987 BUDGET REVIEW

WEDNESDAY, FEBRUARY 19, 1986

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The committee met, pursuant to notice, at 10:05 a.m., in room SD-406, Dirksen Senate Office Building, Hon. Robert T. Stafford (chairman of the committee) presiding.

Present: Senators Stafford, Simpson, and Moynihan.

NUCLEAR REGULATORY COMMISSION

OPENING STATEMENT OF HON. ROBERT T. STAFFORD, U.S. SENATOR FROM THE STATE OF VERMONT

Senator STAFFORD. Good morning. The Committee on Environment and Public Works is meeting today to hold a hearing on the fiscal year 1987 budget for the Nuclear Regulatory Commission. I would like to welcome our witnesses for this hearing, the members of the Nuclear Regulatory Commission.

I have just a couple of comments, and then I will turn the chair over to my distinguished colleague, Senator Simpson, who so ably presides as chairman of our Nuclear Regulatory Subcommittee.

First, the President's budget for fiscal year 1987 provides $405 million for NRC, which is $32 million less than this committee and the Senate have already authorized and which is $13 million less than was originally appropriated for fiscal year 1986. In addition, Gramm-Rudman provides for a 4.3 percent cut in amounts appropriated for fiscal year 1986.

I am particularly interested in the Commission's opinion of the effect of these cuts on NRC's ability to carry out, in an efficient manner, its primary statutory mandate to protect the public health and safety. Will the public receive less protection under these cuts or proposals?

Second, this may be Chairman Palladino's last appearance before this committee in the capacity of Chairman of NRC.

I would personally like to congratulate you, Chairman Palladino, for your excellent record of service during your tenure at NRC. Chairman Palladino, you have proven yourself, in the view of this chairman, a dedicated public servant in the area which it is most difficult to serve and one in which public appreciation is often difficult to receive. I assure you that the service you have provided is most appreciated and that we most deeply thank you on behalf of this committee.

I understand you have some personal remarks based on your experience at NRC, and I will look forward to hearing them after my colleague, Al Simpson, has made his opening statement. So I look forward to hearing your observations.

Commissioner Zech, I would like to congratulate you on your nomination to be the next Chairman and wish you the best of luck in that capacity. I look forward to working with you.

At this point I would now turn to my colleague, Senator Simpson, for any opening statement you might have, and at the same time I will turn the gavel over to you.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, U.S. SENATOR FROM THE STATE OF WYOMING

Senator SIMPSON [presiding]. Thank you, Mr. Chairman. I appreciate that very much. I have greatly appreciated the help and support you have given me as chairman of this subcommittee, you have been very fair and very kind with me on all issues in this committee. It makes it a better place to work for me, and I appreciate it very much.

Today we hear from the members of the NRC on their budget request. We hope to have a couple of purposes served here.

First, we are required by the Congressional Budget Act, as amended by Gramm-Rudman-Hollings, to make a recommendation to the Senate Budget Committee by February 25 of an overall funding level for the Commission for fiscal year 1987. Gramm-Rudman-Hollings certainly is something we discuss a great deal, I notice, around the community. We will hear more about those three than we will Washington, Jefferson, and Lincoln in the next year.

So we have this overall funding level. This hearing is to assist us in gathering information on the budget request for fiscal year 1987 in order that we may fulfill that responsibility.

Second, the hearing will provide the committee with an opportunity to review the impact of the 4.3-percent sequester in the Commission's fiscal year 1986 budget and to review with you where the reduction will be taken and what impact, if any, that reduction will have on your program. The Commission has submitted a budget request for $405 million for fiscal year 1987, a slight increase over the fiscal year 1986 sequestered level, but a reduction from funding levels in earlier years.

In addition, the administration is proposing that 50 percent of the Commission's annual budget be funded through a new user fee in commercial nuclear powerplants generating approximately $200 million. We will wish to review that proposal in detail as well as other suggestions that the Commission might have on alternative sources of funding in this particular period of increasing budgetary constraints.

It is good to have all of the Commissioners here today. We welcome all of you back, and also the senior members of the NRC's able staff.

I too would like to pay a special tribute to you, Mr. Chairman, Joe Palladino, for the service which you have provided to the Commission, to the Congress, and to this country. You will be completing your term in June of this year and returning to private life. It has been really a great pleasure to work with you. I have found you to be a very steady and thoughtful man, and it has been a pleasure to be with you.

While this may be the last appearance before the committee, I would still hope that when we convene our hearings on the single administrator bill, I would want to hear your views and think that they are very important as we consider that. I hope that you can be present for that and that we can have that within the timetable to give us your own personal reflections on the state of nuclear regulation in the industry and the Nuclear Regulatory Commission.

I remember that hearing in June 1981. You have served longer than any other Chairman of the NRC, and I said how do you prefer to be addressed or called, "doctor" or "professor." I believe it was either you or myself who said, "Well, I will be called a lot of things before I finish this job." And so it was.

It's a tough job, and you've survived it all. You have demonstrated a remarkable perseverance and resiliency and patience in what is perhaps one of the toughest jobs in this town. I commend you, sir.

Admiral Zech, you go on now to this interesting task, and I know you will do well, and it will be good to work with you, too.

I do very much commend you, Joe. I will receive statements that other individual Commissioners might have, but at this point, I would like for you to proceed, Chairman Palladino, and share with us briefly your impressions.

STATEMENT OF NUNZIO J. PALLADINO, CHAIRMAN, NUCLEAR REGULATORY COMMISSION, ACCOMPANIED BY, THOMAS M. ROBERTS, COMMISSIONER; JAMES K. ASSELSTINE, COMMISSIONER; FRED BERNTHAL, COMMISSIONER; LANDO ZECH, COMMISSIONER; VICTOR STELLO, ACTING EXECUTIVE DIRECTOR FOR OPERATIONS; HAROLD R. DENTON, DIRECTOR, OFFICE OF NUCLEAR REACTOR REGULATION; JOHN G. DAVIS, DIRECTOR, OFFICE OF NUCLEAR MATERIAL SAFETY AND SAFEGUARDS; JAMES M. TAYLOR, DIRECTOR, OFFICE OF INSPECTION AND ENFORCEMENT; AND ROBERT B. MINOGUE, DIRECTOR, OFFICE OF NUCLEAR REGULATORY RESEARCH

Mr. PALLADINO. Thank you, Mr. Simpson. And Senator Stafford and Senator Simpson, I very much appreciate your kind remarks.

Mr. Chairman and members of the committee, the Commission appears before you today to discuss NRC's fiscal year 1987 budget request. As you know, with me today are my fellow Commissioners, also, the acting executive director for operations and the directors of the principal offices of the Commission.

With your permission, I would like to submit our prepared statement for the record and summarize it orally.

Our budget request for fiscal year 1987 is for $405 million, as the chairman noted. This is $13 million below the fiscal year 1986 appropriation prior to any reduction resulting from the provisions of the Balanced Budget and Emergency Deficit Control Act of 1985, Public Law 99-177. Our 1987 budget is $43 million below our fiscal year 1985 appropriation. Our staffing ceiling is also being reduced by 122 full-time-equivalent staff.

Appendix A to our testimony graphically demonstrates how actual purchasing power has decreased every year since 1981. The past 2 years has seen the most significant reduction.

The Deficit Control Act will reduce NRC an additional $18 million in fiscal year 1986. A reduction of this magnitude almost halfway through the fiscal year will have a significant impact on the programs necessary to support our regulatory responsibilities.

While we recognize and are supportive of the need for budget austerity, the Congress and the public must recognize that with these reduced resource levels, the NRC will be performing less regulatory oversight activities, not more. Our capability to respond to and resolve issues from unplanned events in a comprehensive and timely manner will be diminished. At the same time, many forward-looking actions and programs necessary to meet future issues and challenges have been reduced or eliminated.

Our prepared statement and the attached table, appendix B, summarizes the NRC budget request by major budget categories. The reductions vary in magnitude, but all major programs are affected. Please note that the table in appendix B does not reflect the detail resulting from budget cuts due to Public Law 99-177.

With regard to the Nuclear Reactor Regulation Program, it is in transition. While demand for resources needed to review new license applications decreases, the demand for resources needed to evaluate safety related licensing actions, respond to events, and perform overall project management is increasing with the number of reactors coming on line. The budget cuts will severely constrain our ability to resolve major unanticipated problems at operating facilities and will reduce or eliminate other improvements.

With regard to research, in terms of constant dollars our research budget will be lower in fiscal year 1987 than it was when the agency was formed in 1975. Between 1981 and 1987, the nuclear regulatory research program will have been reduced by more than $110 million, about 53 percent. Joint programs with other parties and improved operating economics cannot make up for these reductions over the years. The reductions in the fiscal year 1987 research budget will mean an end to some programs and significant delay is in or deferral of others.

Concerning inspection and enforcement, our inspection and enforcement program will continue to emphasize onsite inspection of reactors. However, work on quality assurance initiative, special team inspections, and technical support will have to be reduced.

Finally, with regard to nuclear materials safety and safeguards, we will continue to carry out our extensive regulatory responsibilities under the Nuclear Waste Policy Act and Uranium Mill Tailings Radiation Control Act, and to meet other significant priorities in our Nuclear Materials Safety and Safeguards Program.

However, the NRC fiscal year 1987 budget request does not include resources to implement the recently enacted Low Level Waste Act amendments. We are examining where we can reprogram resources from other important activities within the agency.

The details of our budget request are contained in the budget submission, which has already been provided to the committee. Appendix C to our testimony provides examples of NRC accomplishments in fiscal year 1985. We would also like to submit for the record our responses to the questions included in your letter of invitation.

In closing, let me emphasize that the budget request submitted to Congress represents a minimum program, in the view of the Commission. We urge your strong support for the full amount of our request.

This completes my summary of the Commission's budget testimony, Mr. Chairman.

Senator Simpson. Thank you very much, Chairman Palladino.

Do any of the other Commissioners have any statement they may wish to make?

STATEMENT OF JAMES K. ASSELSTINE, COMMISSIONER, NUCLEAR REGULATORY COMMISSION

Mr. ASSELSTINE. Mr. Chairman, I have a prepared statement. In the interest of time, I would just propose to submit that for the record. Let me just make two general comments.

Both you and Chairman Stafford asked about the impact of the sequestration and the impact of the budget reductions in fiscal year 1987 on our ability to do our job. The sequestration, I think, we are still in the process of sorting out, as Chairman Palladino indicated.

In terms of the budget reductions for fiscal year 1987, I think one of the points worth highlighting is that most of the forward-looking efforts that we have developed that are aimed at identifying problem plants early before we have serious operating events would be reduced substantially or eliminated in fiscal year 1987 as a result of the budget reductions.

Those include such things as: team inspections on operations and maintenance and surveillance testing at the plants to identify problems early on; quality assurance initiatives; taking an integrated look at the safety of a few plants; and also some regulatory work on advanced reactor concepts. All of those things would be either scaled back substantially or eliminated altogether.

In addition, we don't have money in the budget identified now to carry out the new initiatives under the Low Level Radioactive Waste Policy Act amendments of last year. I think those things are important, I think we need to think about some creative financing ways to find the money to do those things without adding to the burden on the Federal taxpayer, I have suggested a couple of alternatives or options for doing that in my prepared statement.

Thank you.

Senator SIMPSON. Thank you very much, Jim.

Admiral.

STATEMENT OF LANDO W. ZECH, JR., COMMISSIONER, NUCLEAR REGULATORY COMMISSION

Mr. ZECH. I support the budget of $405 million for fiscal year 1987, as submitted. I believe we can get the job done with this budget.

I would like to make a point about consolidation and the importance of consolidating our scattered segments of our agency. As you know, we are located in 11 different buildings throughout the

Washington, DC, area. We have been trying very hard to get consolidated.

If we can consolidate our Commission and staff, I do believe that we will be taking a long step forward toward assuring that we will continue to be able to do our job with less budgetary resources. So I think it's important, in my view, that we consolidate.

Commissioner Asselstine made some remarks in his statement which he submitted for the record that I would like just very briefly to allude to.

First of all, I don't believe that the plants that are shut down now are caused by budgetary problems, certainly none of which I am aware. I agree that we should improve our ability to improve our performance and identify our performance trends, but I am not aware that the resources are a problem in this area.

In my view, more Federal funds will not and should not displace the private sector's responsibility for constructing, maintaining, operating, and managing the nuclear powerplants.

Finally, I don't believe that any needed programs, any vitally needed programs, will be eliminated with the $405 million budget.

Thank you, Mr. Chairman.

Senator SIMPSON. Thank you very much. That issue of consolidation is one that always comes up. I think I see some progress here, as OMB, I believe, has just authorized GSA to negotiate a price for a building in Rockville that would hold about 1,500 of the 2,500 at headquarters. It is an important issue and one that I am well aware of and want to assist with.

Chairman Palladino, did you have a further personal statement or remarks which you wanted to make aside from the formal portion of the remarks on the budget issue?

Mr. PALLADINO. Yes, sir.

Senator SIMPSON. Do you wish to make that now?

Mr. PALLADINO. All right. I would be pleased to do so.

Senator SIMPSON. All right. Why don't you do that, sir?

Mr. PALLADINO. Mr. Chairman, as you noted, since this may be the last time that I will be appearing before you, I would like to provide some personal observations based on my experience as the Chairman of the NRC for more than 4½ years. My observations concern NRC's major goals, the future of nuclear power and nuclear regulation, and some suggestions for the Congress.

First are my observations concerning the accomplishment of NRC major goals. During the past 4½ to 5 years, our regulatory/oversight of the nuclear industry has resulted in continued assurance of public protection. In fact, I believe that as a general proposition, nuclear power is safer now than ever before.

Second, we have licensed about two dozen new reactors with proper regard to safety and with little or no unwarranted delay. We also completed the Three Mile Island Unit 1 restart proceeding.

Three, we have made much progress in the cleanup of Three Mile Island Unit 2 and in waste management.

Four, we have made significant advances in defining the safety goal, and I hope final Commission action on a policy statement on this matter will occur before my term ends.

Five, we have improved control over the requirements NRC levies on the nuclear industry.

And six, we have proposed legislation to the Congress to streamline the licensing process, focusing on encouraging and providing incentives for the use of standardized nuclear powerplants in the future.

However, some important goals have not been accomplished. I have in mind the following: One, full understanding of the radioactive source term and its implications for nuclear regulation lies well in the future;

Two, also there are still too many operating incidents and construction problems. These indicate that our common goal with the nuclear industry, the goal of excellence, has not yet been achieved fully in all cases.

With respect to the future, I believe that the attainment of confidence is a key objective. Let me explain. If nuclear power is to continue to play an important role in America's energy mix, it must be backed by confidence, confidence both in the nuclear industry and in nuclear regulation.

One result of continued incidents and problems at nuclear facilities is a persistent uneasiness about nuclear power on the part of the public, investors, and the Congress. In such a climate, regulatory reactions necessarily increase. When incidents occur, we must react.

The nuclear industry has the job of building nuclear facilities correctly and operating them safely. Therefore, if the industry wants the regulatory reactions to be reduced, it has to reduce the number of incidents and problems.

Fewer incidents and problems should also reduce people's uneasiness about nuclear power. In short, the better the industry does its job and the closer it gets to excellence, the more confidence there will be in nuclear power.

However, we regulators have the job of making sure that the nuclear industry does its job right. Thus, the better we do our job, the more confidence there will be also. To do our job better, some of the major things I believe the NRC needs to focus on in the future are as follows:

First of all, to help assure that the public will continue to be protected, NRC's highest priority should be to keep the pressure on the industry to strive for and achieve excellence in all aspects of nuclear facility operations and construction.

The United States is now close to having 100 operating nuclear powerplants. Since only about a quarter of that number of plants are still under construction, we have to reorient the bulk of our activities to concentrate on operations.

Improvements have been made in our ability to regulate operating plants, to learn about incidents, and to learn from them as well. However, we need to give continuing attention to these operations and to learning from all incidents.

Because of the great importance of nuclear reactor operator proficiency and proper maintenance, I suggest that NRC consider increasing its requalification examination of licensed operators and its monitoring of the nuclear industry's maintenance practices.

NRC also needs to develop the best ways to act on the many warning signs that exist before serious problems develop. The goal should be to find the root causes and fix them early on.

NRC should continue to thoroughly investigate serious incidents or accidents that do occur, again by focusing on the root causes and corrective actions needed to prevent recurrence.

Finally, NRC needs to understand the effects of aging on plant equipment and operation before aging causes problems and before NRC has to deal with numerous requests for extension of plant life.

Now let me turn to some suggestions for the Congress. I will begin by noting that when my term is up I will have appeared at approximately 70 congressional hearings, also will have signed approximately 600 letters to Members of the House and Senate. Given that base of experience, I hope that you will not think me presumptuous if I provide the following thoughts for you to consider as you oversee NRC and deliberate on nuclear power legislation.

One of the bright spots about my job as Chairman has been the ability to observe the outstanding work of the many Government employees at the NRC. We have a truly dedicated and talented staff whose main interest is in fulfilling NRC's responsibility to protect public health and safety. I hope that, in carrying out your oversight of the agency, the Congress can from time to time recognize the excellent contributions of NRC's staff.

Also, NRC must have adequate resources to do its job. During my tenure alone, the Congress has cut our budget requests by several tens of millions of dollars. Ultimately, we can only regulate to the extent we are funded.

With regard to future legislation, I recommend that you pass some form of the licensing reform legislation that we and others have submitted and pass a form of the Price-Anderson legislation that assures the public will get prompt compensation for valid claims in case of injury to life and property if a nuclear accident occurs.

Although earlier I supported an approach with no cap, I would prefer a Price-Anderson Act with a cap, to no act at all.

Last, I urge you to reconsider my recommendation of 1 year ago to change the NRC to a single-administrator form of agency. As we move forward toward an agency that oversees only operating facilities, I believe we must move further from a Commission form of leadership that is best suited to debate.

Further, given the present legal restrictions on Commissioners' ability to discuss points of view before reaching decisions, even the viability of debate is in question.

A single administrator is also more likely to be able to implement the efficiencies needed in times of agency budget reductions.

If, however, the Congress retains the present Commission structure for the NRC, I would recommend careful review and possible revision of the Sunshine Act. In its review, the Congress may wish to consider the studies conducted by the Administrative Conference and the American Bar Association.

Mr. Chairman, in closing, I want to say I sincerely appreciate the opportunity to have known all of you and to have worked so closely with you over the last 4½ to 5 years.

That concludes my personal statement.

Senator **Simpson**. Thank you very much, Chairman Palladino. Those are some very thoughtful suggestions, and the chairman of the committee and, in my capacity as chairman of the subcommittee, we will give those serious consideration.

They are important to me also. I think it's so important to emphasize that this entire effort will slowly come to concentrate on operations. And since you have, as we say, 100 operating plants and only a quarter of that still under construction, and no new ones coming on, it becomes a different emphasis.

But it is important what you have shared with us on the aging plants and that material. I sometimes have been a little heavy on some of the NRC staff—none of the senior staff, but in the legal area. That has been very frustrating for me, and I see that things are being done internally to correct that so that we don't have that terrible overlap of attorneys making distinction upon distinction, in two layers there.

I have said that, and yet the attorneys personally that I have known in the NRC are very able. It's like politicians, you hate all politicians except the one that represents your district. That's a peculiar thing.

Senator STAFFORD. We may be in some danger even there.

Senator SIMPSON. Even there. We certainly can't say we can escape that.

Well, anyway, it's important, and it is a fine staff. It seems impossible to believe that Three Mile Island was 7 years ago, and there were people there who are here today, Vic Stello and Harold Denton, and I know John Davis was there in a different capacity, and Robert Minogue. But that's continuity. When you have that continuity, you have a stable situation.

So I thank you. That is very helpful.

Mr. Chairman, did you have anything you wished to add?

Senator STAFFORD. I just wanted to thank you.

I know from your statements that you have apparently considered the suggestion of user fees as a means of raising some of the funds for the Commission. My understanding is that if user fees came into play, that the funds would be paid into the Treasury, not directly to the Commission, and, therefore, it might aid the Treasury but it wouldn't improve your picture as far as your appropriation might be concerned.

Am I correct in that? I believe you're all nodding, but I need somebody to say yes.

VOICES. Yes.

Mr. ASSELSTINE. Mr. Chairman, I think that that is certainly the way the OMB proposal is structured, that it would be paid directly into the Treasury. I am not sure that it has to be done that way. It seems to me that one might consider drawing a connection between the fee that's imposed and the regulatory benefit—or the benefit that the industry gains from the work that that fee is tied to. You might draw a link so that it could benefit the agency rather than be sent to the Treasury.

Senator STAFFORD. That would make it more attractive.

Yes, Mr. Bernthal.

STATEMENT OF FRED BERNTHAL, COMMISSIONER, NUCLEAR REGULATORY COMMISSION

Mr. **Bernthal**. Mr. Chairman, if I could make a comment on the point of user fees, because this is not the first year that that issue has come up. In fact, in 1984 OMB proposed to cut our research budget by $67 million with the words that, "reductions be accomplished by requiring necessary research to be performed by the licensees."

Acting on that suggestion, in fact, at that time, last year, a year ago December, I sought some advice from some of our lawyers, the Office of General Counsel, and was told that that is not as easy as it looks. And some of the points that were made by the Office of General Counsel were that you may not impose fees where the ultimate beneficiary is obscure and the services primarily benefit the general public.

The bottom line was that OGC felt that it would take some years and be subject to extensive litigation for the NRC to try that direct method of taxing the industry.

Senator **Stafford**. Well, thank you.

Mr. **Palladino**. Mr. Chairman.

Senator **Stafford**. Yes?

Mr. **Palladino**. Mr. Chairman, our staff is looking at possible approaches to the user fee, including tapping the nuclear waste fund for our repository activities. But we hope that if the Congress moves in this direction, that we make sure that we have a stable, simple approach that will be workable without undue burden to the Commission becoming a collection agency.

Senator **Stafford**. Well, that certainly seems reasonable. My questions weren't intended to indicate any particular position on my part. I was curious as to what the implications might be for the Commission should user fees be resorted to.

Mr. **Asselstine**. Mr. Chairman, I might make one other point on the user fee question.

Senator **Stafford**. All right.

Mr. **Asselstine**. I think it really depends on how the thing is structured and what you want to accomplish by it. If you look at the OMB proposal, it's really pretty much akin to a tax. What they want to do is impose a charge based upon generating capacity of individual plants, not tied to any benefit that the industry obtains from the program. In essence, it's just a flat fee that goes into the Treasury.

That might be a nice vehicle if what you're looking for are ways to generate additional revenues in a variety of ways, to reduce deficits or whatever. It doesn't do much for our regulatory program.

The concerns that Commissioner Bernthal raised are valid ones, but it does seem to me that if we had a statutory basis for doing so, we could identify specific programs that we now have, like research, where there is a benefit to be gained by the industry from some of our research efforts, even though we may not be able to tie that benefit to a specific plant or to quantify the benefit for an individual plant.

It seems to me that you can draw a rationale for having a user fee that's paid to the agency to help support research programs that provide a benefit not only to the public but to the industry that we regulate.

Senator **Stafford**. Thank you very much.

Just one final question on my part. I think, Admiral Zech, you said the Commission could make it under the $405 million appropriation. We are looking at what I am beginning to think of as a guillotine on October 1, that if we don't succeed in coming up with some alternative to Gramm-Rudman, another much more substantial cut will occur than does under the 4.3-percent cut that occurs on March 1.

I would ask you, how much more do you believe the Commission could be cut in the fall and still be able to carry out your assigned duties? Any of you who would be willing to respond.

Mr. **Zech**. I would be happy to try to respond, Mr. Chairman.

Senator **Stafford**. All right.

Mr. **Zech**. I don't honestly know how much more we could be cut and carry out our assigned duties. It's been my assessment that the $405 million, although perhaps a little tighter than we like, is feasible and reasonable and we should be able to get the job done.

Now, if we take the significant cuts that we have heard about—20 to 25 percent—they would be indeed very difficult to accommodate.

I don't know right now, I am not prepared to say what number we could accommodate, although I do feel that if we at the agency are able to consolidate our headquarters and our staff and if we are indeed able to work on day-to-day type efficiencies to our decisionmaking process, and also as has been mentioned earlier, combine our legal offices, which is an important step in the right direction, I believe that perhaps there are other ways that we could improve our efficiencies.

So although I am not prepared to give you a number now, Mr. Chairman, I do think that if we are able to consolidate, there should be perhaps some reductions that we could take and still permit us to carry out our mission.

Senator **Stafford**. All right. Thank you.

Does anybody else have a comment?

Mr. **Palladino**. Yes, Mr. Chairman. I agree with Commissioner Zech. It's very difficult to try to pick a particular number and say anything below that number is going to make it impossible for us to do our job, because we can tailor our job to be consistent with the funding.

However, there is a point at which I believe we do reduce our oversight capabilities to such a significant extent that I would issue a warning. And I think that if we get appreciably below $400 million, I think we are entering into difficulties that would not serve the public interest in the direction that I think the Congress would like to see us do.

Senator **Stafford**. Thank you.

Mr. **Asselstine**. Mr. Chairman.

Senator **Stafford**. Mr. Asselstine.

Mr. **Asselstine**. Mr. Chairman, I think the $405 million is a little too tight myself. And I think that the Commission's own testimony points out the problem in cutting back on the forward-looking programs.

Now, Commissioner Zech mentioned that the problems at the plants that were shut down last year, the eight plants, weren't caused directly by budgetary constraints. That's a fair comment, and I agree with that.

But the fact is we did start a few programs to try to spot those problems early. And let me mention one in particular. We conducted a special team inspection of maintenance activities at the Turkey Point plant in Florida. We found a number of significant problems with that plant. We found those problems out before there was a serious operating event at the plant. Hopefully, identifying those problems will bring about the necessary corrective action on our part and by the licensee so that there won't be a serious operating event or an accident at that plant.

That kind of a special team inspection program is basically going to be gone in fiscal year 1987. And I think with the amount of work we're having to put on TVA along with the sequestration, it will probably be gone for the rest of this fiscal year as well.

I think that is a big loss. Those programs don't cost a lot of money, but they cost some. And because they're forward looking, those are the first ones to go. And I think that's why we need to think about at least some additional flexibility above the $405 million to do some of those things. Is the world going to come to an end if we don't? Probably not. But what we'll see is more significant operating events, more precursors to accidents, and we have the greater potential for an accident than if we were able to do more in those kinds of areas. I think that's something worth thinking about.

Senator STAFFORD. Thank you very much.

Mr. ROBERTS. Mr. Chairman.

Senator STAFFORD. Yes, Commissioner Roberts?

Mr. ROBERTS. Mr. Chairman, could I submit a statement for the record—I won't read it to you—but my views on user fees, please?

Senator STAFFORD. Certainly. Without objection. (See p. 67.)

I will offer a final comment on my part. I would think the Commission would have a difficult time if Gramm-Rudman on October 1 resulted in a 20-percent cut of your budget, or about $80 million. Or even a 10-percent cut would be $40 million below what you're getting now, or asking for.

Mr. BERNTHAL. Mr. Chairman.

Senator STAFFORD. Yes, sir.

Mr. BERNTHAL. When you put it in those terms, Mr. Chairman, I think it would just be self-deception to say that this Commission and the NRC's mission would not suffer with an $80 million cut. It would suffer. If you're talking $5 million, $10 million, $20 million, I don't know, and I don't think anybody at this table knows, exactly where we might even get that amount. But $80 million is simply not there without a significant impact on our statutory responsibilities.

We took the bulk of the cuts, incidentally, as the Chairman implied in his statement, in this midyear cut. That was the tough one for us. And the one next fall at $405 million essentially is more of the same for us.

Senator STAFFORD. All right. Well, thank you all very much.

Thank you, Mr. Chairman.

Senator **SIMPSON**. Yes, indeed, Mr. Chairman. You have probed that issue of alternative financing, including this concept of user fees and also the use of the nuclear waste fund for the high-level waste activities.

Just briefly, what is the status of the Commission's efforts to draft legislation reflecting the administration's recommendation to collect some $200 million in these user fees? What is the status of that?

Mr. **PALLADINO**. Well, Mr. Chairman, we've asked the staff to start looking at that and perhaps might get a brief status report from them if you would like.

Senator **SIMPSON**. If they would identify themselves for the record, I would appreciate that.

Mr. **STELLO**. Mr. Chairman, my name is Victor Stello. We expect to have something for the Commission to consider in about 2 weeks which will include both aspects of user fees, one attaching to the waste fund and a straight user fee across the industry plus possibly some other combinations.

Senator **SIMPSON**. Good. Thank you.

One of the things—and it's been expressed—the Commission would no longer be required to establish a connection between the fee assessed and the service provided, something that must be established under the Commission's current statutory authority, and instead then be allowed simply to collect the fee based upon a rated capacity of a nuclear powerplant.

I was interested in reading a chart of what that would mean to all plants and based upon their licensed thermal capacity, an average of about $1.3 million.

Let me ask you if you believe this approach makes sense and how, if at all, user fee assessments deposited in the general fund—and it's been addressed by the chairman, will effect the declining NRC budget?

Yes, Mr. Chairman?

Mr. **PALLADINO**. I am told until the staff comes forward with its study and its recommendations, I hate to get too deeply into the subject because I may learn something from the staff that I don't know at the present time.

But I do believe that we should be careful in just taxing plants on the basis of their rated thermal capacity because that puts a burden on those that are not operating, as well as those that are operating. I am not sure that that is as equitable as it ought to be.

Maybe with that comment, I will turn it over to my colleague.

Mr. **BERNTHAL**. Senator Simpson, I think Commissioner Asselstine assessed the situation correctly, and my advice last year from OGC was in fact that we could tax a commodity, so to speak—or I should say, Congress could tax that commodity—and that would require legislation.

It has philosophical appeal to me that, at least as the industry matures, as it is now, that somehow they should pay their way and pay for needed regulation.

My only concern, quite frankly, is one that I expressed last year, I guess, in a Price-Anderson hearing that we had. We've now got a user fee on this commodity of electricity to support the Nuclear Waste Policy Act that is statutory. There has been some talk or suggestion of a similar fee assessed on electricity to support the Price-Anderson fund. There may be others we now have to support research at least, if not other regulatory activities of the NRC.

I am just concerned about the trend that this may be indicating. And that is a policy question. Despite the philosophical appeal that I mentioned, I do have concerns about that overall direction.

Mr. ZECH. I just have one comment, Mr. Chairman.

Senator SIMPSON. Yes, Commissioner Zech.

Mr. ZECH. I know our staff will give us their views shortly, and we will carefully consider them, concerning user fees.

It seems to me that perhaps even a broader question that may be beyond our jurisdiction but perhaps would be appropriate for the Congress to consider would be the broader question of user fees in general: Should they be applied to other regulated industries? In other words, I am not aware that all regulated industries have been considered for that. I have heard some other industries mentioned.

But it seems to me that that might be—in order to get the logic of something important to national policy, it seems to me that all regulated industries might be considered in order to arrive at a conclusion that would be helpful to the citizens of our country across the board.

Senator SIMPSON. That's one of the interesting things of the President's budget. Even though it expresses that there is no new revenue, there, in a sense, is indeed new revenue, and it's about 6 billion dollars' worth of user fees, it's there. It goes from the National Park Service down through various other industries. I am not fully aware as to rivers, harbors, flood control, barges. But, it's all there, and it's 6 billion dollars' worth, if I recall.

So as far as the industries involved, I would be interested in what your staff comes up with, if you would share that with us. I am sure there are other sources for that, but I would be interested in what you come up with, a brief review of user fee authority in other agencies and industries.

Mr. ZECH. I think that is appropriate.

Senator SIMPSON. Thank you.

Mr. ZECH. It does seem to me that the impacts perhaps on certain regulated industries might be different from others, and the broader question, I submit, Mr. Chairman, might be useful to be also addressed.

Mr. ASSELSTINE. Mr. Chairman, I think, for myself, I much prefer a user fee that is tied to some identifiable benefit to the industry rather than just the open-ended broad fee that is, in essence, a charge on power capacity or power generation.

It seems to me we're able to do that fairly effectively within our existing statutory authority now for such things as licensing costs and inspection costs because we can identify the particular benefit to a particular facility fairly easily. We recover those costs now, I think, somewhere in the order of $80 million a year.

But it does seem to me that we can identify some areas where we're doing work that provides benefit not only to the public but to the industry that we regulate. When we look at assuring the acceptability of operation of boiling-water reactors with cracks in their piping, that's a benefit to the industry because it is allowing those plants to operate in a degraded condition below what was expected when those plants were first licensed. The same thing applies to the degraded condition of steam generator tubes in pressurized-water reactors.

Some of our research programs have resulted, or are likely to result, in direct benefits to the industry, either by reducing costs of maintenance, reducing costs of operations, or testing requirements for the plants, or by actually increasing power levels that the plants are authorized to operate under.

I think wherever we can draw that kind of a benefit—even if we can't allocate a precise quantifiable benefit to an individual plant—we ought to be able to recover a larger portion of the costs of those programs from the industry. And I think that's where user fees may make some sense.

Senator SIMPSON. It would be my intent to assure that if we have a user fee mechanism, we want to do it in a way which results in the NRC's budget being credited somehow for the collections. I think that is critically important. That can't be any other direction. We just can't see it go into the general fund without a proper crediting. I am going to work toward that, I assure you.

But at the same time, we can't put the Commission in a position where its budget is dependent upon how much it collects from the utilities, whether a plant is operating and the inherent obvious conflicts that those direct collections would entail.

Wouldn't you all agree that that's an approach that we should be in common on?

Mr. ASSELSTINE. I would agree with that, Mr. Chairman, yes.

Senator SIMPSON. Anyone else?

Mr. PALLADINO. I would agree with that, Mr. Chairman.

Mr. ZECH. That's something I believe should be looked at very carefully, I agree.

Mr. BERNTHAL. Mr. Chairman, just one comment. If what we're going to do does not involve and require a change in statute, if we're going to do it within existing authority, that probably means we have to do a rulemaking, and it almost certainly means then that such questions as Commissioner Asselstine raises—BWR pipe cracks, for example—are subject to litigation.

And while I support this approach philosophically, it isn't going to happen overnight. It will not bring money quickly, in my judgment, and it will probably end up enriching lawyers as much as it will the NRC.

Mr. ASSELSTINE. Mr. Chairman, I agree that it should not be done simply by rulemaking. I think our existing authority, where we can't identify and trace a particular financial benefit to a particular licensee, our existing authority probably is not going to provide a firm enough basis, and I think we will end up with the litigation that Commissioner Bernthal is talking about.

Senator SIMPSON. I think it is not sufficient authority now, and if we're going to have the authority to impose the tax, we're going to need legislation.

Mr. ASSELSTINE. Absolutely.

Senator SIMPSON. And that's my view.

Mr. ASSELSTINE. I agree. That's right.

Mr. **Palladino**. Mr. Chairman, I wonder if I could make a comment with regard to research being a benefit to the industry as opposed to being a benefit to the public.

When we do research, it's not with the intent of benefiting either the public or the industry per se, but rather to understand the phenomena with which we're dealing.

For example, there are measures that come about from our research programs that have cost the industry a great deal, and I say appropriately so, because the information led us to have concerns. And I am thinking, for example, of the embrittlement of reactor vessel material, the long history of activities on ECCS.

So what I am cautioning is that we should not look at research and say, "Ah, that's an area where we can identify specifically some benefit to the industry and, therefore, we'll tax them for it." I think that would be presumptive about the nature of our exploration that is not consistent with what our intent is in doing research.

Senator **Simpson**. OK. Along these same lines then, what thought have you given to the concept of funding the Commission's high-level waste-related activities out of the nuclear waste fund? Is that an approach that makes sense, in your view? And if so, how much current authority does the Commission have to pursue such an approach?

Mr. **Palladino**. Well, Mr. Chairman, the staff is looking at that as part of its overall package, including not only the user fee but also tapping the nuclear waste fund.

I think we have identified in the past some particular problems that we may see in trying to use the waste fund, the most important being to make sure that the perception as well as the reality of independence on the part of the Commission is not compromised by having to get DOE approval or getting DOE audit. And that is a factor that I am sure the staff is looking at in its continuing study on that matter.

Senator **Simpson**. Is there a way to structure payments for the waste-related expenses in a manner that will preserve your role as the independent licensing authority while at the same time responding to what I think is a very legitimate concern of DOE that the Commission not be allowed to simply tap the fund without end and without any department oversight of whether those expenses are reasonable?

Mr. **Palladino**. I expect that by legislation, some plan could be developed that could lead to the effect that we're seeking. At this point I hesitate to make a specific proposal because I would rather see the considered study from the staff.

Senator **Simpson**. Thank you.

Mr. **Asselstine**. Mr. Chairman, I think that it is possible to structure a way to fund our program either directly or indirectly from the nuclear waste fund and still preserve the necessary oversight of the expenditures.

We have looked in the past, and I think generally the Commission has been in agreement that this is something that should be done, that this is a legitimate expense of the high-level waste program and should be—or our regulatory activities should be—paid for through the fund by the people who generate the waste.

We have looked at a couple of options, and I think what the staff will give us is some further elaboration on those options. One option is direct access to the fund itself, where we would simply certify to DOE what our expenditures are in a given year and then obtain funding from the fund to compensate us for those expenses.

Another option is imposing a license fee on the Department of Energy and simply collecting it on an annual basis. Those are a couple of the options that have been identified already.

On the oversight question, it seems to me that you want to avoid the situation of having DOE directly scrutinize and sign off on our expenditures. Otherwise, you're having a license applicant, in effect, signing off on how much or how little we can do in building the technical base we need to carry out our licensing responsibilities.

But it does seem to me that you want to maintain the congressional authorizing and appropriating restrictions every year so that you would have to pass directly on our budget every single year. And you might well want to hear from the Department of Energy when you do that every year to determine whether the Research Program and the licensing activities that we have laid out make sense and provide for both efficient and effective regulation of the activity.

Senator SIMPSON. I think that I have got to move on from alternative funding, but in order that the subcommittee and the full committee can evaluate the various alternative funding proposals that have been raised, and perhaps others that will come to our attention, I would like to ask on behalf of the committee that you might submit by April 1, let's say, a comprehensive report on alternative funding approaches, including a detailed study of the alternatives, the pros and cons, the NRC recommendations on each, and any draft of legislative authority to get to that goal.

And if you could, address not only the two approaches we talked of here today, which is the new user fees on the reactor licenses and use of the nuclear waste fund, but any other options; and in particular, it seems to me that under the new legislation, the Low Level Waste Policy Act amendments perhaps your view there, whether we might fund that out of a license fee.

And would it be possible for the Commission to submit such a report by April 1?

Mr. PALLADINO. Well, Mr. Chairman, I am quite confident that we could produce a report to the Congress or to this committee with regard to the user fees and the use of the nuclear waste fund. But we have also tried to accommodate the rest of your requests to look at other alternatives as well.

Senator SIMPSON. That would be good. And then also, that brief review of other user fee authorities for other agencies. That would be very helpful.

Mr. PALLADINO. We will accept that challenge to get it to you by April 1.

Senator SIMPSON. Thank you very much. I will appreciate it.

Senator Simpson. Now back to some other things. By Monday of next week, this committee is charged with reporting our recommendations to the Senate Budget Committee on what we consider to be the acceptable overall funding levels for the programs within this committee's jurisdiction. I have a few questions about the allocation of the budget resources of the Commission, and I will get into that in a minute.

But from the standpoint of the overall requests, even though Chairman Stafford has certainly probed this, I would like each of your views briefly on whether that amount is adequate, in your judgment, to meet all of your statutory obligations.

Mr. PALLADINO. Well, let me see if I understand your question. Are you asking does the amount of $405 million enable us to meet all our statutory——

Senator SIMPSON. The "overall request," that's the phrase. "Overall request."

Mr. PALLADINO. Whether it would enable us to meet all our statutory responsibility?

Senator SIMPSON. That's right. All.

Mr. PALLADINO. All. Well, there are some things that we will not be able to do. However, we do believe we will be able to do the high-priority items that are associated with meeting our statutory responsibilities. It's always difficult to say will it meet all, because someone can always identify something that he or she feels is important that we're not doing.

But I think basically we would be accommodating all the major items that are required at the present time to fulfill our statutory responsibilities. Now that is my personal opinion. I am not sure if other Commissioners agree with me.

Senator SIMPSON. We get back to the principal statutory obligation, and that is, protection of the public health and safety. So let me just leave it at that instead of, words like "all" and so on. Let's stick with the primary mission of the NRC, which is to protect the public health and safety.

Mr. PALLADINO. The only reservation I have is that if we face continuing major incidents such as Davis-Besse, Rancho Seco, San Onofre, and we are called upon to try to cope with a number of those, we will be short of staff power to do that and maintain timely action on all the other activities that are required for us to accomplish. I say that is the only major reservation I have in saying that I think we could meet our statutory responsibilities with the present $405 million.

Senator SIMPSON. Thank you.

Mr. ASSELSTINE. Mr. Chairman.

Senator SIMPSON. Yes, Commissioner Asselstine.

Mr. ASSELSTINE. When we submitted our budget request to OMB for fiscal year 1987, I think the number was about $460 million. We said at the time that that was what we felt we really needed for fiscal year 1987.

We ended up with $405 million. I think, for myself, I would say that the $405 million is not going to give us what we need and given the number of problem plants left over from last year, the TVA situation that we have to deal with. Those things are eating up a lot of effort and resources.

I would split the difference and say somewhere in the neighborhood of $430 million would enable us to do our job, to do the kinds of forward-thinking activities that really will enable us to effectively protect the public.

But I would also say that that extra $25 million shouldn't come from the Treasury. It should come from the waste fund, it should come from a user-fee approach. It shouldn't come out of the taxpayer's pocket.

Senator SIMPSON. Any other brief comment on that.?

Mr. ZECH. Mr. Chairman.

Senator SIMPSON. Yes.

Mr. ZECH. I believe $405 million, Mr. Chairman, is sufficient to allow us to carry out our mission for 1987.

Senator SIMPSON. You indicated that.

Mr. BERNTHAL. Mr. Chairman.

Senator SIMPSON. Commissioner Bernthal.

Mr. BERNTHAL. I will agree that that amount of money apparently permits us to carry out our statutory responsibilities. But the margins are being cut.

And I don't want to prejudge another unfortunate incident, but we're told that NASA, for example, rejected the option of a seamless solid rocket booster, primarily on the basis of cost. That perhaps is a parallel. Where the margins are being cut, where it might matter, I just don't know. So when I say apparently we will be able to meet all of our responsibilities, that is what I mean.

I am afraid that the brunt of the cuts will again fall on research. Much of that work is an investment in the future, and I just think that it's fundamentally misguided policy constantly to be cutting out research which the Federal Government should carry out, whether or not the NRC should sponsor it, to be constantly cutting that essential investment for the future.

Senator SIMPSON. Very well. Let me ask a final question, and then we will go to Senator Moynihan, who has arrived, and I appreciate it.

At our budget hearing last year on NRC's request for fiscal year 1986 you all identified a number of areas where your efforts would be impaired if the Congress were to cut the Commission's request below the level of $429 million. Now, as it turned out, the fiscal year 1986 energy and water appropriation reduced that request by $11 million, to $418 million.

I wonder if you could summarize very briefly what the impact of last year's $11 million reduction in the request has been and identify specifically those programs that have been affected by that.

Mr. PALLADINO. Well, Mr. Chairman, I will try. As I indicated, every time we cut, we are cutting out some of our major activities. And we pointed out at that time that the things we were cutting generally were those that had some forward-looking initiatives in them that would help the Commission do a better job.

For example, on quality assurance initiatives, they were predicated on getting a certain amount of funding. The integrated safety assessment program also is a program that, with reduced funding, we are not going to be able to accommodate.

There are also a number of research activities that we are eliminating and have eliminated, and we are going even further with each additional cut.

If you would like detail in responses specific to the question regarding the $11 million, I would like to supplement my remarks with a submittal for the record.

[The following additional information was subsequently supplied:]

The following briefly describes the impacts of NRC funding adjustments to accommodate the Congressional reduction of $11 million to the Agency's requested appropriation of $429 million for FY 1986.

- Reduce funding for the resolution of unanticipated safety issues
- Reduce independent destructive testing of materials and contractor assisted inspections of nuclear power plants and equipment vendors
- Delay some initiatives in the Quality Assurance Program Plan such as third party audits and licensee project team qualifications
- Delay the evaluation of the material properties of the Shippingport reactor components
- Eliminate some testing of electrical equipment for severe accident conditions at nuclear power plants
- Eliminate follow-on buckling tests to evaluate seismic effects on nuclear power plants
- Eliminate interim improvements to the nuclear power reactor containment systems code to incorporate data generated under Cooperative Agreement with the West Germans
- Limit the scope of the accident management program interaction
- Provide for fewer and less detailed regulatory cost analyses
- Reduce contractor support for studies of operational events at licensee facilities
- Reduce administrative support and staff travel

Senator **Simpson**. I think if you would provide with a specific analysis for the record, based upon the needs of the agency as you knew them and considering the period of enforced budgetary constraint we are in now and where we were last year as that additional sum was taken down, how you would increase or decrease the request of $405 million and what specific programs would you add funding to or reduce funding for, and give us a review of the impact of the $11 million in last year's cut. If you would, furnish that, please, for our record.

Mr. **Palladino**. All right. We will try to do that.

[The following was supplied for the record:]

Statement of Nunzio J. Palladino, Chairman

U.S. Nuclear Regulatory Commission

As stated in the testimony, the NRC's President's budget request of $405 million represents a minimum program in the view of the Commission. While we recognize and are supportive of the need for budget austerity, the Congress and the public must recognize that with these reduced resource levels the NRC will be performing less regulatory oversight activities, not more. Our capability to respond to and resolve issues from unplanned events such as those at Davis-Besse, San Onofre, Rancho Seco, TVA, and Kerr-McGee in a comprehensive and timely manner will be diminished. At the same time, any forward-looking actions and programs necessary to meet future issues and challenges have been reduced or eliminated. Further, a stable, properly balanced nuclear regulatory research program is essential for the Commission to carry out its responsibilities for effective nuclear safety regulation.

The Commission believes that it can meet its primary responsibility of ensuring the public health and safety at the requested resource levels. However, the budget request submitted to the Office of Management and Budget in September 1986 would have provided sufficient resources to accommodate the concerns addressed above.

Statement of Thomas M. Roberts, Commissioner

U.S. Nuclear Regulatory Commission

I am pleased to provide you with my views on whether the $405 million funding level requested by the Commission is adequate to enable the Commission to carry out its statutory requirements. I supported, and support, the Nuclear Regulatory Commission's budget submittal for Fiscal Year 1987 of $405 million with the understanding that the details of specific allocations may be revisited. I believe that efficient management and a clear set of priorities will enable the Commission to carry out its responsibilities.

In this regard, I would also like to thank you for your kind remarks regarding "the progress that the Commission has made toward resolving a number of major policy issues . . . ." Your words are deeply appreciated, as we take further steps to try to restore credibility to the regulation of civilian nuclear power. As I have stated before, neither the public, those we regulate, nor the nation can afford quick fixes or the luxury of endless debate. We at the Commission must be able and ever willing to make the hard decisions that are needed to protect the public health and safety.

Commissioner Asselstine's views on whether the NRC FY '87 budget is sufficient to carry out its responsibilities.

I believe that a funding level of $430 million for fiscal year 1987 would allow the Commission to carry out its health and safety responsibilities more effectively. The $25 million increase would enable the Commission to do the kinds of forward-looking efforts intended to identify problems before they result in either accidents or serious operating events. These efforts include quality assurance initiatives and the expanded use of team inspections to review plant operations, maintenance and surveillance activities and modification work at the plants. They also include efforts to take a more integrated look at safety at a few plants -- the Integrated Safety Assessment Program (ISAP). Another initiative which could be undertaken with an increase in funding is the inspection of the quality of the balance of plants. Experiences at operating nuclear power plants are increasingly demonstrating the vulnerabilities of the plants to what NRC considers to be the so-called "non-safety-related" balance of plant. The recent serious operating events at Davis Besse, Rancho Seco and San Onofre Unit 1 demonstrated examples of these vulnerabilities.

I also believe that an addition in resources could be used in the high-level and low-level radioactive waste programs and in the materials licensing and inspection area. An increase in NRC funding would allow the NRC to provide additional pre-licensing guidance to DOE in the high-level waste repository program and would also allow NRC to keep pace with the DOE program for the second repository by conducting research in crystalline rock and by monitoring DOE's site screening and site selection process. An increase would also enable the NRC to carry out its responsibilities under the Low-Level Radioactive Waste Policy Amendments Act of 1985. Another area in the NRC's regulatory program which I believe should receive increased attention is materials licensing and inspection. Recent events at the Sequoyah Fuels Facility (where one worker died and several were hospitalized as a result of heating an overfilled cylinder containing UF_6) and at the C-E Glass, Inc. facility (where the licensee of a cobalt-60 source went out of business in 1981 and the NRC did not learn of it until 1986), indicate a need for increased licensing and inspection efforts at the many thousand materials licensees.

As I have stated in my prepared testimony, I believe that NRC recovery of a greater portion of the costs of our safety research program from the industry, coupled with payment of the repository costs from the Nuclear Waste Fund, would provide the funds needed to carry out these more forward-looking regulatory initiatives and the waste-related and materials licensing efforts without increasing the financial burden on the Federal taxpayer.

Statement of Frederick M. Bernthal, Commissioner

U.S. Nuclear Regulatory Commission

I am pleased to respond to your letter of March 12 wherein you requested each Commissioner's views on whether the $405 million funding level requested by the Commission is adequate to enable the Commission to carry out its statutory responsibility to protect the public health and safety.

As I noted in testimony before the Committee on Environment and Public Works on February 19, the NRC's proposed $405 million FY-87 budget apparently and probably allows the NRC to meet its statutory and judgmental responsibilities. Otherwise, I would not have supported the budget nor, I believe, would any of my fellow Commissioners.

That said however, it must also be said that there can be no clear delineation between an "unsafe" and a "safe" NRC budget, between trouble and the assurance of precluding trouble. A timely and tragic example illustrates the point, and perhaps too vividly since I do not suggest any parallel is known to exist at the NRC. The apparent rejection by NASA officials of the seamless solid rocket booster early in the shuttle design program, a decision said to have been taken primarily on the basis of cost, cut into what were thought at the time to be sufficiently prudent safety margins. The consequences of that decision will go down in history as one of the darkest moments in America's space program.

The erosion of funding this agency has experienced in recent years can hardly have enhanced NRC's regulatory contribution to the margin of safety; it goes without saying that repeated cuts at that margin will have the inevitable consequence of less conservative and less thorough NRC regulatory oversight. I therefore cannot conclude that this agency could withstand substantial additional budgetary reductions and continue to provide Congress with assurance that our statutory responsibility to protect the public health, safety, and security can be carried out.

Finally, it should not escape notice that the brunt of NRC's budget cuts in recent years has fallen on our research programs. It is not surprising that would be the case, since any consequential safety impact is generally long-term and difficult to perceive. Nevertheless, it is distinctly in the national interest that the U.S. maintain its safety research commitments within the world nuclear community, and that necessary investments for the future continue to be made, whether by the private sector or by our government. A number of those commitments and investments are simply no longer being maintained.

Judging from the Committee's recommended $11 million increase over the Commission's budget request, I sense that you share my concerns, and I appreciate your support of this agency's important mission.

Statement of Lando W. Zech, Jr., Commissioner

U.S. Nuclear Regulatory Commission

I supported the budget submission of $405 million for Fiscal Year 1987. It is my judgment that the agency can carry out its statutory mission with this budget. The $405 million level is perhaps a little tighter than I would have liked, but I believe that we should be able to get the job done. If there are any subsequent indicators which cast doubt on my present judgment, I will promptly inform you and the other Committees sharing in the oversight responsibility for the Nuclear Regulatory Commission.

I should also add that I do not know how much we could be cut below $405 million and continue to be able to carry out our responsibility. If there are further significant reductions in our 1987 budget, we will simply have to reevaluate our entire situation. Even if that would occur, we would have to give priority to our activities which are essential to assure that the public health and safety is protected.

In closing, let me express my appreciation and support for the Committee's recommendation of $416 million for our fiscal year 1987 budget. In these times or necessary budgetary constraints and uncertainties, this amount, if appropriated, would provide further confidence that we will have adequate resources in fiscal year 1987 to carry out our responsibilities.

Senator SIMPSON. I appreciate the presence of the good subcommittee member who has been a very thoughtful and productive member of the subcommittee, legislator, author, raconteur.

We enjoyed your book party. That was interesting, and I congratulate you on the new publication, which is a very thoughtful piece for all of us.

It's good to have you here, Senator Moynihan.

Senator MOYNIHAN. Mr. Chairman, I don't have to tell you, but it may be useful to tell the Commissioners and our guests here that all of us here are in a situation where we're supposed to be four places at one time, seeing that this is budgetary season, I had to be with the Secretary of State, who was appearing before the Budget Committee.

I have been getting an update on what has happened and is happening here, and I guess I would like to say that I don't think you're going to have enough money.

These are not optional expenditures. We saw the trouble this whole industry got into with that Three Mile Island experience, and it's traumatic. You can see it around the country. You can see nuclear plants just about coming to an end. There are another few coming onstream, and that's just about it.

You've got about 10 more to come, and that's about it, isn't that so?

VOICES. Twenty.

Senator MOYNIHAN. About 20. And that's it.

How long since a new plant has been started?

Mr. ASSELSTINE. I think 1978 may have been the last one ordered.

Senator MOYNIHAN. 1978. Mr. Chairman, 1978 is the last time anybody said, "What do you say we have a nuclear plant?" Well, you know, it doesn't take long before it's all over.

Well, that's partly the result of bad luck and maybe bad management of the industry. We've gone through all that. In any event, you're going to find yourself very soon with your principal responsibility being training. Isn't that right?

Mr. PALLADINO. Mr. Moynihan, I very much agree with you. I think training is one of the most important lessons we learned from Three Mile Island.

Senator MOYNIHAN. And as building phases down in the cycle, training is going to be what you do most.

Mr. PALLADINO. Training is one the things that we have given a great deal of attention since Three Mile Island.

Senator MOYNIHAN. Well, but I mean, you're cutting your budget for training here, aren't you, of necessity?

Mr. PALLADINO. Training is done largely by the utilities.

Senator MOYNIHAN. Yes, but you test them.

Mr. PALLADINO. Pardon me?

Senator MOYNIHAN. We know that, but I mean, you go around and you test them, and that's another aspect of training, too.

What happened with the TVA, Mr. Chairman, I think is that they went round and about—the majority of the operators failed a requalification test.

Isn't that right?

Mr. PALLADINO. Yes.

Mr. ASSELSTINE. That's correct, Mr. Moynihan.

Senator MOYNIHAN. Mr. Asselstine agrees.

Mr. PALLADINO. At least at Browns Ferry.

Senator MOYNIHAN. And you've got to keep doing that. TVA just toughed it out, didn't they, in effect, in the aftermath of all that? The responsibility for training is with the utility but the responsibility for assessing the quality of the training is with the Commission. Right?

Mr. ASSELSTINE. That's correct.

Mr. PALLADINO. The Commission has important responsibilities to make sure that the training programs are adequate.

Senator MOYNIHAN. Yes. But the person who gives the test is the one who is measuring the performance.

I don't think we should do this, Mr. Chairman. I gather that Mr. Asselstine suggested that you need at least another $25 million.

I see Mr. Bernthal's comment about the shuttle experience, certainly giving us another feeling that managing a complex machine is just as or more complex than building one. These are such derisory sums. The costs involved when you make mistakes can be anything.

Senator SIMPSON. I wanted to say, Senator Moynihan, that your efforts toward switching the focus toward training are very well received by this member, and we are working toward that. Knowing how we work together, I know that we can get something to emphasize this training that was originally your concept and is an excellent idea.

But it is critical, and the TVA thing is not only in the training area but the aging of the facilities is going to give us a real test.

Senator MOYNIHAN. I would like to offer the thought, Mr. Chairman, that if we can come up with a user fee of sort to get this budget back up. I know what it's like to live with OMB. We all know that. But these are not optional expenditures, I don't think. I don't think they should be reduced, at least in the area of true measures of safe performance. If we have to throw a small user fee onto the utilities, well, we do.

Senator SIMPSON. There was a very thorough discussion of that. That's what we've been at, really, for the majority of the hearing.

Senator MOYNIHAN. So I gather. It is indeed a fee for service.

Senator SIMPSON. We want to be sure we do it in a way where the Commission is credited properly, that the money then collected does not go into the general fund and just disappear, we wanted to be sure that they're credited with that.

Senator MOYNIHAN. Yes. So do I take it that it's your thought that we might work together on some kind of legislative proposal here?

Senator SIMPSON. Pat, they're going to produce for us a legislative proposal on alternatives, a review of user fees in other agencies and industries. And when that's presented, we will go to work on that, and then know what that budget is, how much to take, whether it's $200 million, what the impact on the utilities will be, and rather thorough.

Mr. PALLADINO. We made a commitment to provide that, I believe, by April 1.

Senator SIMPSON. That is correct. By April 1.

Senator MOYNIHAN. Good. Well done. You didn't need anybody else here at all.

Senator SIMPSON. Oh, yes.

Mr. PALLADINO. Oh, yes, we did.

Senator SIMPSON. I need a participating member.

Mr. PALLADINO. Well, Mr. Moynihan, I am sorry.

Senator SIMPSON. Yes?

Mr. PALLADINO. I am very heartened to hear your emphasis on training. As a matter of fact, in some personal comments that the chairman gave me an opportunity to present, I indicated that one of the areas where I would like to see NRC put more attention is on increasing the examinations it gives for requalification of operators and also increased attention to training of personnel for maintenance. And I think those are two important areas that we must maintain continuing vigilance on in order to assure the safety of the public health.

Senator MOYNIHAN. I thank you, Mr. Chairman.

Mr. ASSELSTINE. Senator Moynihan, I agree very much with those two comments that the Chairman had made earlier. The problem is when the budgets go down, operator licensing requalification exams is always at the top of the list from the staff about, "Well, that has go to, or that has to be cut way back." So instead of increasing, as Chairman Palladino had indicated he thought we ought to be doing, as a practical matter, we are either just holding our own or we're decreasing those kinds of things.

Senator MOYNIHAN. Yes. Well, then, you're just waiting around for another shuttle event.

Mr. ASSELSTINE. That's right.

Senator MOYNIHAN. Or another TMI.

Did I hear you say that when budgets go down, you mean when you go downtown to OMB?

Mr. ASSELSTINE. Well, when OMB cuts our budgets. That's correct.

Senator MOYNIHAN. Yes. But what they cut, Mr. Chairman, you just heard, was testing and retesting.

Mr. ASSELSTINE. Our staff always offers that up as a candidate, "Well, if we have to live with these lower numbers, then let's cut back on the requalification testing that we give for operators."

Mr. PALLADINO. We didn't actually cut back with regard to requalification exams, I think, where we said we were in the past, but we did get some new initiatives that the staff has identified in terms of additional staff power to give further attention to improving the maintenance training programs.

Senator MOYNIHAN. Yes. But you have the same number of tests with more people to be tested.

Mr. PALLADINO. I am sorry?

Mr. ASSELSTINE. That's true.

Senator MOYNIHAN. You're going to give the same number of tests to a larger pool.

Mr. PALLADINO. Well, percentagewise, we're going to continue doing requalification exams at about half our plants each year and take one shift out of each of those plants. So it's 50 percent of 20 percent or roughly 10 percent.

Senator **Simpson**. I thought the Senate did a pretty responsible job with the budget, and then the House kind of slapped them upside the head with a piece of stovewood and got their attention, I guess.

But anyway, they came up with the largest cut in their appropriation ever. And in that year of restraint, they completed the TMI-1 restart. They issued nine full operating licenses and seven low-power licenses, including Diablo Canyon. They finally completed the backfitting regulation that's been promulgated in final form. In considerable controversy, they presented their thoughts about the Sunshine Act and how the Commissioners are unable to communicate with each other there, and went through that activity, and then went through a consolidation of the two branches of the legal offices—which I commented on and I think you did too, how redundant that was, the OGC and the ELD—and they should complete that during the year. And their relations with EPA have improved considerably. And all that at the time of their worst budgetary restraint.

I don't know why that is, but it would be very interesting. I admire that. I think it's tremendous. As the oversight subcommittee, that's our duty to look at that, and you did those things.

Mr. **Palladino**. Well, for some of those things we were funded, the licensing of plants and doing the Diablo Canyon and Three Mile Island. But some of them came about by necessity, having to bring about efficiencies elsewhere in the organization.

Mr. **Bernthal**. Mr. Chairman.

Senator **Stafford**. Commissioner Bernthal.

Mr. **Bernthal**. Mr. Moynihan, if I could make a brief comment. I do want to place in perspective where we are. I think that this $405 million budget probably allows us to meet our responsibilities, especially statutory and judgmental responsibilities. Otherwise, I wouldn't be sitting here supporting the budget, nor do I think anybody on this Commission would.

Does it cut the margin? Of course it does. There is not a sharp line between where you get into trouble suddenly and where you don't get into trouble. Time will tell. Does it erode the margin? Yes, it does. I don't believe it erodes the margin unacceptably, in my judgment. But that's why I say that $405 million probably allows us to meet our responsibilities.

Mr. **Asselstine**. Senator Moynihan, let me clarify also on the examinations that we now give on requalifying operators at the plants. We now test one shift at 50 percent of the plants during each year. When you consider that most plants have about five shifts of operators, that means we're testing somewhere in the neighborhood of 10 percent, I would think, of the operators each year. The rest is left to the industry.

Senator **Moynihan**. What would you think, if you could just make your own prudent choice, what would you think? That's not high, you'd want it higher?

Mr. **Asselstine**. I would agree with Chairman Palladino that we ought to be testing more than that. I think double that would not be unreasonable. That's right. Testing 20 percent of the operators each year——

Senator MOYNIHAN. So that in normal circumstances, everybody, every 5 years, would get an NRC test?

Mr. ASSELSTINE. That's right. That's right.

Mr. PALLADINO. However, we should point out, while I agree with the comment, we should point out that by testing one shift every other year in an organization, you have a pretty good chance of finding out if there are problems.

Senator MOYNIHAN. You would get a sample?

Mr. PALLADINO. Yes.

Senator MOYNIHAN. OK.

Mr. PALLADINO. It is a sample. But whether or not it's a big enough sample I think is the issue we're trying to cope with here. And based on some of the recent experiences, I question whether it is a big enough sample.

Senator MOYNIHAN. Well, maybe we could get, Mr. Chairman, some judgment from the Commission on what they would like. That's what measurement science is all about, we're going to go to 20 percent of operators to test them every year. Obviously, you don't have to test them all. But if you go in and you pick up enough tests and, if half the people on the test fail it, well, you can assume you've got a problem in that plant.

Mr. ASSELSTINE. That's right.

Senator MOYNIHAN. Yes.

Mr. ASSELSTINE. And that's what we saw at a couple of plants this past year. You mentioned Browns Ferry at TVA, also Crystal River was another example where there were exceptionally high failure rates when we gave the examination.

Senator MOYNIHAN. That's perhaps the nicest combination of the regulatory role and the private enterprise role. They're responsible for training, and the Federal Government is responsible for learning whether that training was good enough.

Senator SIMPSON. That's right. I think what's really key, the whole effort of the nuclear industry is that the safe and effective operation of nuclear plants depends on the utility, and TVA, with all its plants shut down, is learning a very painful lesson. I think that's what we should do.

But I don't know that we should be funding the NRC to do the utilities' job, but we should certainly just shut them down for not doing the job. That's a rather valid lesson, I think, to them, and that's what's going to occur.

Senator MOYNIHAN. Better yet, if we keep them on their toes, we don't have to do that.

Senator SIMPSON. That is correct.

And your work with training emphasis and further examinations and testing is something to do that.

Mr. PALLADINO. Mr. Moynihan, we also have another challenge, and that's training our own people. And I didn't appreciate the amount of effort that has to go into that, although I should have appreciated it sooner, I didn't get a full appreciation until I went down to see our training center in Chattanooga last month, and I was very much impressed not only with the programs and the dedication of the people that are involved, but the extent of training that is required for us to be able to do our job well.

Mr. **Zech**. If I might make a general comment, Senator Moynihan.

Senator **Moynihan**. Yes.

Mr. **Zech**. I certainly agree with you on your emphasis and your interest in training and its very direct relationship to the safety of our nuclear plant operations. I certainly commend you for your interest in that, and I think it is really in a sense kind of the lifeblood of operations and safety. Training is, simply, vital.

I think it is important to recognize, at least in my view in the past 1½ years, the industry itself has indeed taken so rather significant steps toward training upgrading, accreditation, the INPO Program and others. And so I have been, frankly, rather encouraged by their own initiatives to upgrade their training programs.

I think it's important that we continue our inspection and assessment, you are absolutely correct, but I do think it's important to recognize that there has been, at least in my view, a rather significant emphasis on training and a rather significant effort toward resources. More simulators are being purchased. More training is—training is getting to be a lot better than it has been in the past in the industry, and I think that should be recognized and encouraged.

Senator **Moynihan**. Admiral, you are very generous, but this committee agrees with you, the chairman agrees with you.

You won't mind—I know you won't mind—if I could just make the point, Mr. Chairman, when we talk about training, we're not just talking about that fellow in the white coat with dials and so on. We're talking about the maintenance people, we're talking about the managers, we're talking about everybody who is in any way responsible for this thing.

Your great disasters can be in maintenance, and they shouldn't be thought of as a lesser component or their occupational status should not be thought of as somehow just mechanics. They're engineers, and they've got to be the best and you have to prepare them.

Mr. **Zech**. I agree 100 percent.

Mr. **Asselstine**. That's right.

Mr. **Zech**. Training is important across the board, even for management, in my view, and right on through maintenance people, the balance-of-plant people, the operators themselves, the equipment operators, the maintenance people, the chemists. Everyone involved in the nuclear plant operation should certainly have some kind of professional training that, in my view, should be ongoing and continuing.

And I do think that is taking place, Senator. At least I have been encouraged in my visits to the plants in the past 1½ years to see an emphasis on that that I really didn't think I saw when I first started looking at plant 1½ years ago. But I do think it's improved, and at least I have been encouraged in that regard.

Senator **Simpson**. I think the work of INPO has been very important.

Mr. **Zech**. Yes.

Senator **Simpson**. Without them, the utilities would have been in deep trouble.

Mr. **Zech**. I agree. INPO has been a terrifically important and significant step in the right direction. Perhaps it could be said without being too far out of line that the industry's support of INPO and the INPO efforts since Three Mile Island could very well be the single most important step toward improved operations.

Mr. BERNTHAL. Senator Moynihan, I want to make a comment that the voice of experience is speaking on the other end of the table here, and I want to give credit to Commissioner Zech for the leadership role that he has taken in emphasizing training. He has visited, Lord, I don't know how many plants by now.

Mr. ZECH. Fifty-seven.

Mr. BERNTHAL. He has taken a very special interest in that matter, I know.

Senator MOYNIHAN. Yes. There is a dictum in the Navy, which goes, "That which is not inspected deteriorates."

Mr. BERNTHAL. That's right.

Mr. ZECH. And I have been carrying on inspections for a long time.

Senator MOYNIHAN. Yes, sir.

Mr. BERNTHAL. I learned not so long ago the extent to which the Navy tradition is education and training, when it was arranged through the good offices of the former admiral at this table for me to go out on one of the attack submarines. And I was really astonished that the operations onboard there involved what amounted to a floating college for about a third of the time, a tremendous amount of training and retraining. And I think that's a pattern that our licensees would do well to emulate.

Mr. ASSELSTINE. Senator Moynihan, I agree. I think you're absolutely right that activities such as maintenance, testing, and management are key factors. In fact, if one looks at the operating problems that we've had over the past year or so, over and over again those are the things that are turning up as areas of weakness.

I agree with Commissioner Zech that we've made a fair amount of progress. The industry has done a lot in this area. But we have a long way, I think, still to go. There are still too many unplanned reactor trips that are caused by maintenance and surveillance testing problems. These people do need to be treated as an essential part of the team, and their contributions to safety have to be recognized. They have to be given the training and the skills, and then they have to be checked to make sure that they have those skills, if we're going to reduce still further the problem events at the plants.

Mr. ZECH. Let me agree with my colleague, Commissioner Asselstine, in the fact that there is room for improvement, Senator Moynihan, and there is no question about it. And we should continue those efforts. But I think it is being improved, and that's the encouraging part to me.

But I agree with Mr. Asselstine, there is plenty of room for improvement, and we should continue our efforts.

Senator MOYNIHAN. Mr. Chairman, if I could just make two final remarks.

Senator SIMPSON. Surely.

Senator MOYNIHAN. The one is that I think you would have an opportunity to look in at INPO and see what you think of its operation, check them out.

But second, may I say that in this regard of training and so forth, just for the record today, I was not impressed with that exercise at Shoreham, where you had to bring people in and, pretend to be mayor and pretend to be the superintendent of police and pretend to be. That doesn't seem to me a very good test of a proposition.

Does anybody want to comment on that? This was the situation out at Long Island where the——

Senator SIMPSON. You don't have to tell me, obviously.

Senator MOYNIHAN. It seems to me that frankly, I was worried about the——

Senator SIMPSON. I was hoping you weren't going to say anything.

No, I am fully aware. They put it in the law, and it's the one test issue, "Well, here's this $4.2 billion facility, and we did this exercise." You go ahead, sir. I am very interested.

Senator MOYNIHAN. It seems to me I can't imagine the exercise giving you really good information. Tell me whether you think otherwise.

Mr. PALLADINO. Mr. Moynihan, let me make a few comments. I believe it was this committee that took a leadership role in making sure that the Commission would consider utility plans, were they developed. And we had the obligation, therefore, to look at the utility plans when proposed, and that includes also exercising them.

I was part of a minority on the Commission that felt that before we exercise, we should have the full participation of the State and local governments. However, the majority had its position that said, "Well, there are aspects of this plan that could be exercised and should be exercised, and those legal aspects are what they proposed be exercised."

But I do think that what the Commission is trying to do is to fulfill its obligation to deal with utility plans when they're submitted.

Now, maybe some of my colleagues who——

Senator MOYNIHAN. Well, I think that Commissioner Asselstine——

Mr. PALLADINO [continuing]. Have different viewpoints might like to chime in.

Mr. ASSELSTINE. Senator Moynihan, I was also in the minority on that one. And it gets back to the point of training again, I think. Everywhere else, you have a situation where exercises are conducted, and what's the purpose of the exercise? It's to see how the people who have the responsibilities for doing the job function.

Senator MOYNIHAN. Right.

Mr. ASSELSTINE. Do they understand what they're supposed to do? How well do they react under the pressure of an exercise scenario? And that's the missing ingredient in this exercise. For that reason, I had the same reaction that you do. It doesn't seem to me that it's going to be terribly useful in telling us how the people who actually have the responsibility for protecting the public in the event of an emergency are going to be able to deal with the situation.

It may tell you what the licensee can do in providing information and support, but it doesn't seem to me that it's going to help you in terms of does the local police chief know what he's supposed to do——

Senator MOYNIHAN. But he has to participate.

Mr. ASSELSTINE. That's correct. That's correct. So that was my reaction as well.

Mr. BERNTHAL. Senator Moynihan, I was in the majority, as must be apparent by now.

As a scientist, I have been trained to seek information and to gather data whenever I can do that. I can't agree that this was a meaningless exercise. Without prejudging—because I only know what I read in the newspapers so far, we do not have an evaluation of what has been learned—I expect that significant information will derive from this exercise.

No exercise, for example, involves an actual evacuation, and therefore I suppose any exercise could be called hypothetical in that sense. Nevertheless, we gather significant and, we believe, conclusory information in any emergency drill before allowing a plant to operate.

We are trying to carry out our statutory responsibilities on this Commission, and I believe that I speak for the majority when I say that I intend to fulfill those statutory responsibilities. There is an easy solution to the problem that you raise—it troubles me, too—of having to use surrogates. But I would suggest that there is an obvious solution to that, and that it would be a great assist if we had some cooperation as we try to evaluate and gather the facts in this circumstance.

Senator MOYNIHAN. Well, yes. But let me just say that that Shoreham plant is not a surrogate for the condition of the industry in this country. New York is filled with nuclear plants that go along and operate happily without any serious difficulty with the plant or with the community. But this one is.

We are a reasonably uniform political culture in New York, and when we say fine to this and fine to that, that's dandy and good, and then they say, no, not this, no, then I think that that community is to be heard. It's not a community that says no, never, to any of these things except this particular one.

I can understand your position, Commissioner, that, to some extent, all exercises are simulated. But this is a democratic society, thank God, and when you have as strong a community feeling as we have out there, it needs to be addressed, it needs to be accommodated to.

The view may change, and different people have different views. There was the story in the New York Times about this yesterday. Shoreham is a little village, pretty little parks and 400 people. And the biggest issue out there right now—well, we've got two issues: should we have sidewalks, or would that change the character of the community. And there is a question of whether the local high school should have football. But would football induce aggressiveness in males, or does it release aggressiveness in males?

Well, there are views, but it's an otherwise peaceable place. One engineer is quoted as saying, "When we decided to build a house, I built it right next to this reactor because I happen to know that nuclear reactors are safer and cleaner and better places to live around than coal-fired plants and anything."

So, it's not just one set of views that nobody has any information about the subject or just an emotive one one way or the other. But when a community makes the judgment of that kind, I just think that we have to work with that community until we get a higher order of information. End of statement, sir.

Senator **Simpson**. Well, I thank you. I have tried to be attentive to that, and you have been helpful. You and I both met with the Governor some many months ago. We've met with the council from Shoreham and the surrounding community. It's a terribly divisive issue, very emotional, as you say.

Certainly the shifting of opinion, at one time back in 1978 there was a basic approval which changed then because of politics and politics got heavy in it, and now in this society we have a court which finally said you can go ahead, that the Suffolk County law was preempted under the atomic energy law.

I have pledged to continue to work with those people. When I first met with them, I started the conversation. I said, "I know what you're thinking. You're thinking, why, Simpson, the man who represents more antelope than he does human beings, are you messing around in our area?"

And I said, "I am not. I hear what you're saying. I understand what the road system is and how deeply they feel." And maybe we can get to a result. But this was the legislation that Gary Hart and I comanaged on the floor just for the sole purpose of knowing what was coming some day where you had to have a utility exercise.

So, it has not been used as blackmail, which we thought at one time it would, and we have a few communities that have used it, you know, "If you'll build us a new bridge over there, why, we'll let you do your emergency planning." That has not been the case; blackmail has not been part of it, just plain, old hard-gut emotion. I understand it, and I think we can reach a result. At least there is not the intensity it was when you and I both started in this. I think that's a valid point.

But I thank you for your help in it.

Now, I just have a few more questions, and then Senator Moynihan may, too.

I would like to inquire about this budget again and the staffing. On this question of staffing, will you be able to meet this reduction in your staffing ceiling of 122 positions in fiscal year 1987 through normal attrition and perhaps some reorganization? How will that be?

Mr. **Palladino**. Mr. Chairman, attrition will help us. But one of the problems we always are going to have is does it bring about the proper mix. And so I think it's going to take a combination of attrition plus possibly some people having to be let go—whose talents may no longer be needed.

But I think a good bit of it will come about by attrition and by readjustment of personnel and not hiring in areas where we expect the activity to go down.

Senator **Simpson**. Let me just add here, at the end of the last session we completed our action on the Low Level Radioactive Waste Policy Act amendments—that was a very important effort—and set in motion this regional disposal of low-level waste. That bill was signed last month. It imposes any number of new and important responsibilities on the Commission.

Have you had any opportunity to review that act with regard to the budgetary standpoints, and does the Commission have sufficient resources to meet its obligations in a timely way under that new legislation?

Mr. PALLADINO. These are the low-level——

Senator SIMPSON. The Low Level Radioactive Waste Policy Amendments.

Mr. PALLADINO. Well, I think as I indicated in the testimony, we have not specifically identified where we're going to have to cut in order to accommodate the low-level amendments. But we do plan to accommodate them and work is underway to explore a possible areas for cutbacks so that we can——

Senator SIMPSON. Would you submit that for the record, please as to that issue?

Mr. PALLADINO. Yes, sir.

[The information requested follows:]

The Low Level Radioactive Waste Policy Amendments Act (LLRWPAA) of 1985 represents a major modification to the management of low level radioactive waste that will result in increased national activity. While the basic mission of the Nuclear Regulatory Commission to ensure the protection of the public health and safety through a thorough, technically sound licensing process with public participation has not changed the LLRWPAA of 1985 does place time constraints on States and Compacts that did not previously exist which will affect NRC resource requirements. The LLRWPAA also introduced several new requirements on the NRC, namely, the procedures for granting emergency access to disposal sites the technical guidance for alternatives to shallow land burial, and procedures for dealing with waste streams of low concentrations and activity that are below regulatory concerns.

The NRC's Office of Nuclear Material Safety and Safeguards has established a task force to assess the impact of the LLRWPAA relative to new procedural and technical requirements, priorities, and resource requirements. The plans developed by the task force will enable the NRC to estimate the additional resources, if any, that would be necessary to comply with the LLRWPAA.

Senator SIMPSON. Shifting swiftly to the high-level waste program, does the Commission's $405 million request include sufficient funding to carry out all of the responsibility that's under that critically important piece of legislation and do that in a manner which keeps pace with the Department of Energy's defined project decisions schedule?

Mr. PALLADINO. Mr. Chairman, maybe it would be well if I called on our Director of Nuclear Materials and Safeguards Office, Mr. Davis.

Mr. DAVIS. I am John Davis.

Senator SIMPSON. Yes, I know. But for the record, yes, please.

Mr. DAVIS. We believe that funding will be sufficient to permit us to provide the statutory requirements for each of these programs.

Senator SIMPSON. Mr. Chairman, we've never had an answer that concise.

Could you go on with more?

I am sorry, I didn't mean that.

That was very good, Mr. Davis. I appreciated that. I'm not going to probe that any further.

Mr. DAVIS. This is not to say that there won't be problems and that there are not issues which we won't have to resolve. One of the basic issues, of course, is with regard to the amount of time which DOE and their planning allows us to issue the license. But of course, that's in out years. And we are working toward a way to try to streamline that process.

Senator SIMPSON. My thanks. Yes, Jim.

Mr. ASSELSTINE. I thought, though, that while I agree with John Davis' basic conclusion, that there is a price to be paid in some areas. As I recall, we're scaling back on our initial review efforts on the second-round sites, the crystalline rock sites. That means that if there are problems with the site selection process or the work that DOE is doing there, they won't find out about our concerns and we won't learn of them until later on.

So, there is a price to be paid for that. I think what John is saying is that we're going to keep pace with the first repository, but there may be some adverse effects on the second repository program.

Senator SIMPSON. One other thing that has been of importance to me, I noticed with considerable interest your decision to consolidate the two legal offices, the Office of General Counsel and the Office of Executive Legal Director, into a single office. I certainly commend you there. I think that's very important.

Do you have any sense yet whether that move will result in any additional efficiencies? When do you expect to complete that consolidation?

Mr. PALLADINO. Well, Mr. Chairman, the Commission directed the two offices to come in with a reunification plan by, I believe, April 15. And as far as I know, that work is pretty much on schedule. I don't know yet if we're in a position to say what savings would be brought about. In part, it would depend a little bit on the contemporaneous geographic consolidation of the agency because I think we would gain more efficiencies in a reunified office if they were all in one place.

I don't know if other Commissioners want to comment.

Senator SIMPSON. I want to commend Commissioner Asselstine, who used to sit right here where Mr. Curtis sits, for his illuminating reappraisal upon that particular subject, as I know that you felt very strongly the opposite direction. You and I haven't even visited on it at all, and let the record show that. I admire the way you reappraised that and readdressed it, and hopefully it will be helpful.

Mr. ASSELSTINE. Mr. Chairman, I think that particularly given the physical consolidation of the agency, combining the offices makes sense. I think that's the first part. But the second part is achieving some efficiencies in reducing staff as well.

The workload is changing. The number of reactor licensing cases is really dropping off and will continue to do so over the next few years.

I think that by eliminating some duplication, by reflecting the changing workload of the office, we ought to be able to save 25 percent. That's the target I set, and I couldn't get any takers on my target. But hopefully, the plan that we will get from the offices will bring about some real savings in positions.

Senator SIMPSON. Well, I have some other questions, but I wanted Senator Moynihan to——

Mr. PALLADINO. I think, Mr. Chairman, though, there is a word of caution——

Senator SIMPSON. Excuse me. I am sorry.

Mr. PALLADINO. There is a word of caution. We still have some 30 different plants with construction permits that the Commission is still trying to handle. So, when we can make these savings is as much an issue as what the savings ought to be. I am not sure we're going to see them all in the next 2 years, but eventually I think we can see them.

Mr. BERNTHAL. Mr. Chairman.

Senator SIMPSON. Mr. Bernthal.

Mr. BERNTHAL. A quick comment. I agree basically with what Commissioner Asselstine has said. I would point out, however, that this consolidation is key. Until we get consolidation, we're going to have two offices, as a practical matter, with two heads.

The only other comment I would have is that if, in fact, we have 25 percent of our lawyers right now who don't have enough to do, I see no reason why we shouldn't do something about it today. I haven't seen the data to support that yet, but if we do, I would be delighted to support it.

Senator SIMPSON. I yield to my colleague from New York.

Senator MOYNIHAN. No, sir.

Senator SIMPSON. Do you have any further questions?

Senator MOYNIHAN. I am interested in your questions.

Senator SIMPSON. OK.

Senator MOYNIHAN. I seem to have covered it very carefully.

Senator SIMPSON. I think if you would furnish for us, if you would, each of you, just furnish for the record a summary of how you view the major accomplishments in the agency in fiscal year 1986.

Mr. PALLADINO. 1986.

Senator SIMPSON. Yes; to this date.

Mr. PALLADINO. To this date.

Senator SIMPSON. To this date, of course.

Mr. PALLADINO. You would like us to submit that to you for the record?

Senator SIMPSON. Yes, I would; just for the record. Yes.

Mr. PALLADINO. Yes, sir.

Senator SIMPSON. Before you go on.

[The information requested follows:]

Chairman Palladino, Commissioner Roberts, Commissioner Bernthal, and Commissioner Zech's comments on Senator Simpson's request for a summary of major accomplishments in fiscal year 1986.

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Some examples of NRC's accomplishments for the specified period during fiscal year 1986 are listed below.

- Issued 2 operating licenses restricted to low power; and issued 2 full-power authorizations so far this FY
- Monitored restart of TMI-1
- Began oversight of licensee defueling operations at TMI-2
- Submitted comments to DOE on Monitored Retrievable Storage facility proposal
- Provided comments to DOE on draft Project Decision Schedule for developing the HLW repository
- Issued technical resolution for unresolved safety issue (USI) A-43 (Containment Emergency Sump Performance)
- Developed an NRC action plan for addressing TVA problems (preliminary to receipt of TVA's corporate plan)
- Investigated Sequoyah Fuels Corporation incident
- Approved final rule on conversion of HEU to LEU fuel for non-power reactors
- Published proposed major revision to 10 CFR Part 20 for public comment
- Approved Ex Parte, separation of functions, proposed rule
- Sent final action on the QA study to Congress
- Published final rule conforming NRC uranium mill tailing regulations to EPA non-groundwater standards
- Report of Advisory Committee's Enforcement Policy, and staff proposal, submitted to the Commission
- Staff completed material false statement proposal
- Independent Investigation Team reviews of 3 events were concluded
- Achieved fully operational NRC Trends and Patterns Program, which provides a systematic appraisal of operating experience
- Continued work on Policy Statement on Fitness For Duty
- Staff developed Severe Accident Policy Implementation Plan
- Completed all testing at the Semiscale facility in Idaho
- Analyzed risk important sequences for five of the six plants in the Risk Rebaselining Project
- Cooperative EPRI/NRC Piping Program has completed first phase dynamic pipe component testing
- Prepared for and appeared at 12 Congressional hearings and responded to numerous letters and questions from various committees

Most of these accomplishments have been the result of on-going efforts that began prior to FY 1986. Past resource reductions have delayed some of them, and current reductions may also delay their completion or implementation.

Commissioner Asselstine's comments on Senator Simpson's request for a summary of major accomplishments in Fiscal Year 1986.

Some examples of NRC's accomplishments for the specified period during Fiscal Year 1986 are listed below.

- Issued 3 operating licenses restricted to low power; issued 2 full-power authorizations.
- Monitored restart of TMI-1.
- Began oversight of licensee defueling operations at TMI-2.
- Submitted comments to DOE on Monitored Retrievable Storage Facility proposal.
- Provided comments to DOE on Draft Project Decision Schedule for developing the HLW repository.
- Issued technical resolution for Unresolved Safety Issue (USI) A-43 (Containment Emergency Sump Performance).
- Developed an NRC action plan for addressing TVA problems (preliminary to receipt of TVA's corporate plan).
- Investigated Sequoyah Fuels Corporation accident.
- Approved final rule on conversion of HEU to LEU fuel for non-power reactors.
- Published proposed major revision to 10 CFR Part 20 for public comment.
- Sent final action on the QA study to Congress.
- Published final rule conforming NRC uranium mill tailing regulations to EPA non-groundwater standards.
- Report of Advisory Committee's Enforcement Policy, and staff proposal, submitted to the Commission.
- Independent Investigation Team reviews of 3 events were concluded.
- Achieved fully operational NRC Trends and Patterns Program, which is a step toward providing a more systematic appraisal of operating experience.
- Completed reviews of licensee extension requests for environmental qualification of electrical equipment, and moved ahead with EQ compliance inspections.
- Completed all testing at the semiscale facility in Idaho.
- Analyzed risk important sequences for five of the six plants in the Risk Rebaselining Project.
- Cooperative EPRI/NRC Piping Program has completed first phase dynamic pipe component testing.

Most of these accomplishments have been the result of on-going efforts that began prior to FY 1986. Past resource reductions have delayed some of them, and current reductions may also delay their completion or implementation.

Senator SIMPSON. I guess the final question, there are a number of areas where, in our oversight capacity, we remain concerned about the budget, whether it fits.

I share Senator Moynihan's views on specific problems. But this situation at TVA is going to be high on our list and, in my view, troubles many of us here in Congress. The accident at the Kerr-McGee facility, the incidents at Davis-Besse and Rancho Seco are also a concern. We will want to know whether those accidents are related to funding available in that sense to the NRC to regulate the activities and whether more or less funding would really reduce or increase the number of incidents such as these, or is it a matter of simply responding firmly and decisively and clearly when the incidents occur on a case-by-case basis. That is a tough one, perhaps.

Mr. PALLADINO. Would you like comments on that now?

Senator SIMPSON. If you would, yes, and then we, I think, may have comments.

Mr. PALLADINO. Let me make a few general comments, and I am sure it will stimulate comments by other colleagues.

We get many signals in our normal oversight activity that show us where we are facing problem plants. And I remember some time ago asking the staff to come up and identify the problem plants. And they were able to identify the problem plants. And some of those plants got into even more problems since they were first identified.

What we have yet to do, I believe, is to get a good handle of when to take action that is significant enough to get the attention of the management so that the corrective measures are taken. And, I think that we have, by the experience we gained at Davis-Besse and by the experience we're gaining at Rancho Seco and TVA, we are learning that we better get their attention a lot earlier than we have done in the past.

So, we have a lot to learn from each one of these instances. However, that doesn't mean that we haven't taken aggressive action to deal with them when they get to a point such as Davis-Besse and Rancho Seco have gotten. I can't say that it's resources that got us to these particular situations. I think that basically the utilities involved got into their own trouble. We saw it happening. We in some cases imposed fines, notice of violations, actually asked for independent reviews. And management didn't always respond.

We have got to get some clout that gets their attention like a strong 2 by 4 to get a mule moving. And this is where I think we have some benefits that can accrue from the lessons learned in these situations.

But I can't say that we've gotten into these situations because of lack of money.

Senator SIMPSON. Well, I appreciate that.

Mr. ASSELSTINE. Mr. Chairman.

Senator SIMPSON. Commissioner Asselstine.

Mr. ASSELSTINE. Mr. Chairman, I would agree that budgetary factors are not the reasons why, the principal reason, why these things occurred. I think there is a variety of reasons. The Chairman has touched on a few. Let me touch on a few others.

Some of the problem areas, management and maintenance, have been areas that we traditionally have not been as heavily involved in as we should have been. We didn't pay as much attention to those areas. When we found problems, we were all too willing to accept proposals for studies or improvement programs, without really probing whether those are really going to be effective or not. I think that was the case in some of these events.

We need a combination of things. We need better tools to detect problem areas in maintenance and in management. And the trick is to detect them before we have a Davis-Besse event or the Rancho Seco events or the San Onofre event or the TVA management breakdown. That's the real challenge: To come up with a set of tools that will highlight the warning signs before we get to the serious event. Once the event occurs, then it's pretty easy. Then it's just going in, dealing with it, and getting the problem fixed up.

But the trick is to develop a set of tools that will work effectively, to start with; and second, as the Chairman said, to being able to bring to bear the kind of pressure that is needed to turn the situation around.

And I think, unfortunately, in some of these areas the warning signs were there, in some of them the warning signs were even recognized, but we weren't able to bring about effective corrective action before there was a serious event. And that's the other area that we need to work on.

I think there are budgetary implications in developing some of those tools. Some of the kinds of forward-looking efforts to develop those tools will be scaled back in 1987, and I think some of those should be preserved.

Senator SIMPSON. I thank you very much.

I will have some further questions I will submit in writing. Perhaps Senator Moynihan will.

Senator MOYNIHAN. Mr. Chairman.

Senator SIMPSON. Yes, indeed.

Senator MOYNIHAN. I do have one observation I would like to make.

Senator SIMPSON. Please do.

Senator MOYNIHAN. I would say that if I am not mistaken—though I suppose this won't be the last appearance before our committee on budgetary matters—this will indeed be the last occasion on which the Chairman will be presenting the budget to us, we're going to see him before his term expires.

But the public never says its thanks very well, Mr. Chairman. You are lucky to get out of public office and not go directly to jail, in some places if it's monopoly.

But I have had the honor to be on this committee and be associated with a person of the personal and professional qualities of Chairman Palladino. I just want to so state.

Did I say that loud enough?

Mr. PALLADINO. Thank you very much, Senator Moynihan. It's very kind of you to make those remarks. I greatly appreciate it.

Senator SIMPSON. Thank you very much, and that is very appropriate. I have shared with you my similar views.

With that, the record will be open for 1 week for additional questions from the members. If you will submit the additional material we asked for as soon as possible, but then the FTE report by April 1.

We thank Jim Curtis and the capable minority staff.

We particularly appreciate the participation of Senator Moynihan. That is always a very helpful part of this because the ranking member of this subcommittee is Senator Hart, and there are sometimes things that conflict there, and we have shared that, and we have always had a fine relationship.

But it has been very good to have your full participation on this subcommittee. It makes it hum along, and I appreciate it, as I appreciate the efforts of Senator Hart. It's a very small subcommittee, and without your good full participation, it would be less pleasant. Thank you.

So with that, I think the hearing will conclude.

[Whereupon, at 12 noon, the committee was adjourned.]

[Statements and other material submitted for the record follow:]

STATEMENT

OF THE

UNITED STATES NUCLEAR REGULATORY COMMISSION

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

UNITED STATES SENATE

CONCERNING

FY 1987 BUDGET

PRESENTED BY NUNZIO J. PALLADINO, CHAIRMAN

SUBMITTED: FEBRUARY 19, 1986

U.S. NUCLEAR REGULATORY COMMISSION

FY 1987 BUDGET TESTIMONY

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, THE COMMISSION APPEARS BEFORE YOU TODAY TO DISCUSS NRC'S FY 1987 BUDGET REQUEST. WITH ME TODAY ARE MY FELLOW COMMISSIONERS, THE ACTING EXECUTIVE DIRECTOR FOR OPERATIONS AND THE DIRECTORS OF THE PRINCIPAL OFFICES OF THE COMMISSION.

OVERVIEW

OUR OMB APPROVED BUDGET REQUEST FOR FISCAL YEAR 1987 IS FOR $405 MILLION. THIS IS $13 MILLION BELOW OUR FY 1986 APPROPRIATION PRIOR TO ANY REDUCTION RESULTING FROM THE PROVISIONS OF THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985 (PUBLIC LAW 99-177) AND $43 MILLION BELOW OUR FY 1985

APPROPRIATION. OUR STAFFING CEILING IS ALSO BEING REDUCED BY 122 FULL-TIME EQUIVALENT STAFF.

APPENDIX A TO OUR TESTIMONY GRAPHICALLY DEMONSTRATES HOW ACTUAL PURCHASING POWER HAS DECREASED EVERY YEAR SINCE 1981. THE PAST TWO YEARS HAVE SEEN THE MOST SIGNIFICANT REDUCTIONS.

PUBLIC LAW 99-177 WILL REDUCE NRC AN ADDITIONAL $18 MILLION IN FY 1986. A REDUCTION OF THIS MAGNITUDE, ALMOST HALF-WAY THROUGH THE FISCAL YEAR, WILL HAVE A SIGNIFICANT IMPACT ON THE PROGRAMS NECESSARY TO SUPPORT OUR REGULATORY RESPONSIBILITIES. THE STAFF IS CURRENTLY EVALUATING THE SPECIFIC IMPACTS THAT WILL RESULT IN FY 1986. FURTHERMORE, ALTHOUGH THE FUTURE IMPACT PUBLIC LAW 99-177 WILL HAVE ON NRC IS NOT YET KNOWN, I CAN TELL YOU THAT, IF THE RECENT HIGHLY PUBLICIZED PROJECTIONS ARE ACCURATE, THE NUCLEAR REGULATORY COMMISSION'S PROGRAMS TO ENSURE THE ADEQUATE PROTECTION OF THE PUBLIC HEALTH AND SAFETY WOULD BE SERIOUSLY JEOPARDIZED IN FY 1987.

WHILE WE RECOGNIZE AND ARE SUPPORTIVE OF THE NEED FOR BUDGET AUSTERITY, THE CONGRESS AND THE PUBLIC MUST RECOGNIZE THAT WITH THESE REDUCED RESOURCE LEVELS THE NRC WILL BE PERFORMING LESS REGULATORY OVERSIGHT ACTIVITIES, NOT MORE. OUR CAPABILITY TO RESPOND TO AND RESOLVE ISSUES FROM UNPLANNED EVENTS SUCH AS THOSE AT DAVIS-BESSE, SAN ONOFRE, RANCHO SECO, TVA, AND KERR-MCGEE IN A COMPREHENSIVE AND TIMELY MANNER WILL BE DIMINISHED. AT THE SAME TIME, ANY FORWARD-LOOKING ACTIONS AND PROGRAMS NECESSARY TO MEET FUTURE ISSUES AND CHALLENGES HAVE BEEN REDUCED OR ELIMINATED.

THERE WILL SOON BE OVER ONE HUNDRED NUCLEAR POWER PLANTS LICENSED FOR OPERATION. RECENT EVENTS HAVE DEMONSTRATED THAT THE RESOURCES NEEDED FOR REGULATING AN OPERATING REACTOR CAN BE ABOUT AS MUCH AS FOR LICENSING A REACTOR. AFTER THE OPERATING LICENSE IS ISSUED, RESOURCES ARE STILL NEEDED TO PROCESS LICENSE AMENDMENTS, CONDUCT RELATED SAFETY EVALUATIONS, LICENSE PLANT OPERATORS, AND RESPOND TO AND EVALUATE THE IMPACT OF UNANTICIPATED EVENTS. IN ADDITION, MORE OPERATING REACTORS WILL REQUIRE MORE RESOURCES FOR TASKS, SUCH AS CONDUCTING THE RESIDENT AND REGION-BASED INSPECTION PROGRAMS AND ANALYZING OPERATIONAL DATA.

APPENDIX B TO OUR TESTIMONY SUMMARIZES THE AGENCY'S BUDGET REQUEST BY MAJOR BUDGET CATEGORIES. THE REDUCTIONS VARY IN MAGNITUDE, BUT ALL MAJOR PROGRAMS ARE AFFECTED. I WILL BRIEFLY SUMMARIZE EACH PROGRAM. PLEASE NOTE THAT THE TABLE IN APPENDIX B DOES NOT REFLECT THE DETAIL RESULTING FROM BUDGET CUTS DUE TO PUBLIC LAW 99-177.

REACTOR REGULATION

THE NUCLEAR REACTOR REGULATION PROGRAM IS IN TRANSITION. WHILE DEMAND FOR RESOURCES NEEDED TO REVIEW NEW LICENSE APPLICATIONS DECREASES, THE DEMAND FOR RESOURCES NEEDED TO EVALUATE SAFETY-RELATED LICENSING ACTIONS, RESPOND TO EVENTS, AND PERFORM OVERALL PROJECT MANAGEMENT IS INCREASING WITH THE NUMBER OF REACTORS COMING ON-LINE. FOR EXAMPLE, ABOUT 600-700 MORE LICENSING ACTIONS

ARE ANTICIPATED FOR OPERATING PLANTS IN FY 1987 THAN WERE ACTUALLY RECEIVED IN FY 1985.

IN FY 1987, WE WILL CONTINUE TO WORK ON OPERATING LICENSE AND STANDARD PLANT APPLICATIONS STILL PENDING. WE ALSO INTEND TO CONDUCT ACTIVE PROGRAMS TO OVERSEE THE SAFE OPERATION OF OPERATING PLANTS, TO LICENSE REACTOR OPERATORS, TO CONTINUE WORKING ON UNRESOLVED AND HIGH PRIORITY GENERIC SAFETY AND HUMAN FACTORS ISSUES, AND WORK ON INITIATIVES RELATED TO SEVERE ACCIDENTS AND SAFETY GOALS.

FY 1987 BUDGET CUTS IN THE NUCLEAR REACTOR REGULATION PROGRAM WILL REDUCE OR ELIMINATE IMPROVEMENTS IN SUCH AREAS AS RISK ASSESSMENT, HUMAN FACTORS, AND ADVANCED REACTOR CONCEPTS. FURTHER, WE WILL NOT BE ABLE TO IMPLEMENT THE INTEGRATED SAFETY ASSESSMENT PROGRAM AS A SEPARATE PROGRAM. ALSO, OUR ABILITY TO RESOLVE MAJOR UNANTICIPATED PROBLEMS AT OPERATING FACILITIES AND THOSE UNDER LICENSING REVIEW WILL BE SEVERELY CONSTRAINED.

RESEARCH

IN TERMS OF CONSTANT DOLLARS, OUR RESEARCH BUDGET WILL BE LOWER IN FY 1987 THAN IT WAS WHEN THE AGENCY WAS FORMED IN 1975. BETWEEN 1981 AND 1987, THE NUCLEAR REGULATORY RESEARCH PROGRAM WILL HAVE BEEN REDUCED BY MORE THAN $110 MILLION, ABOUT 53 PERCENT. JOINT PROGRAMS WITH OTHER PARTIES AND IMPROVED OPERATING ECONOMICS CANNOT MAKE UP FOR THESE REDUCTIONS OVER THE YEARS. THE REDUCTIONS IN THE FY 1987 RESEARCH BUDGET WILL MEAN AN END TO SOME PROGRAMS AND SIGNIFICANT DELAYS IN OR DEFERRAL OF OTHERS.

THE ABSENCE OF NEEDED SAFETY INFORMATION WILL LEAD TO GREATER CONSERVATISM IN THE REGULATORY PROCESS AND COULD LEAD TO PLANT SHUTDOWNS AND POWER REDUCTIONS. IN THE LONG RUN, IT COULD COST THE PUBLIC MORE BY NOT ADEQUATELY FUNDING THE NRC RESEARCH PROGRAM.

THE NRC RESEARCH PROGRAM IS THE PRINCIPAL U.S. GOVERNMENT PROGRAM OF NUCLEAR SAFETY RESEARCH AND IS AN ESSENTIAL PART OF OUR REGULATORY PROCESS. IT PROVIDES US WITH THE SOUND TECHNICAL INFORMATION WE NEED TO DEAL EFFECTIVELY WITH COMPLEX TECHNICAL ISSUES IN REACTOR REGULATION, INSPECTION, AND NUCLEAR MATERIAL SAFETY AND SAFEGUARDS.

A MAJOR FEATURE OF THE RESEARCH PROGRAM IS ITS EMPHASIS ON SAFETY AT OPERATING FACILITIES WHERE PROBLEMS CONTINUE TO ARISE. PROBLEMS WITH CORROSION, RADIATION EMBRITTLEMENT, AND FATIGUE HAVE RAISED SPECIFIC QUESTIONS ABOUT THE CONTINUED SAFETY OF SOME CURRENTLY OPERATING PLANTS. OPERATIONAL PROBLEMS INCLUDE CRACKED PIPING AT BOILING WATER REACTORS, STEAM GENERATOR DEGRADATION AT PRESSURIZED WATER REACTORS, DEFECTIVE VALVES AND RELAYS, AND INADEQUATE MEANS FOR DETECTING AND CHARACTERIZING FLAWS.

SOME OF THESE QUESTIONS ARE BEING RESOLVED BY RESEARCH AND REGULATORY ACTION, BUT MORE QUESTIONS ARE LIKELY TO CONTINUE TO

ARISE AS PLANTS MATURE AND TECHNOLOGY EVOLVES. THE NRC AS WELL AS INDUSTRY MUST BE PREPARED FOR THESE AND OTHER NEW SAFETY ISSUES. AS SUCH, A STABLE, PROPERLY BALANCED RESEARCH PROGRAM IS ESSENTIAL FOR THE COMMISSION TO CARRY OUT ITS RESPONSIBILITIES FOR EFFECTIVE NUCLEAR SAFETY REGULATION.

NRC RESEARCH EFFORTS PLANNED FOR FY 1987 WILL FOCUS PRIMARILY ON:

- THE STUDY OF PLANT AGING AND DETERIORATION OF EQUIPMENT AND STRUCTURES IMPORTANT TO SAFE OPERATION;
- EVALUATION OF RECENT SOURCE-TERM WORK TO DEVELOP CRITERIA FOR EXAMINATION OF INDIVIDUAL PLANTS AND TO IDENTIFY REGULATIONS THAT COULD BE AFFECTED BY NEW SOURCE-TERM KNOWLEDGE;
- SEVERE ACCIDENT SEQUENCE ANALYSIS, DAMAGED FUEL, FISSION PRODUCT RELEASE AND OTHER RESEARCH NEEDED TO PROVIDE A SOUND TECHNICAL BASIS FOR IMPLEMENTATION OF THE SEVERE ACCIDENT POLICY;

- ASSESSMENT OF COMPUTER CODES USED TO EVALUATE THE SAFETY RESPONSE TO A WIDE RANGE OF TRANSIENTS AND ACCIDENTS;
- SEISMIC ANALYSIS, AND
- DEVELOPMENT OF METHODS AND TOOLS FOR EVALUATING DOE'S PROPOSED NUCLEAR WASTE REPOSITORY.

INSPECTION AND ENFORCEMENT

THE INSPECTION AND ENFORCEMENT (IE) PROGRAM WILL CONTINUE TO EMPHASIZE ON-SITE INSPECTION OF REACTORS. IT WILL PROVIDE FOR A SECOND RESIDENT INSPECTOR AT MOST OPERATING SITES AND WILL CONTINUE THE ASSIGNMENT OF AT LEAST TWO RESIDENT INSPECTORS AT ALL CONSTRUCTION AND PRE-OPERATIONAL TESTING SITES. WE ALSO INTEND TO CONTINUE TO FOCUS OUR ATTENTION ON OPERATING EXPERIENCE TO IDENTIFY ISSUES OF GENERIC SAFETY SIGNIFICANCE AND LICENSEES REQUIRING INCREASED REGULATORY ATTENTION.

WORK ON THE QUALITY ASSURANCE INITIATIVES DESCRIBED IN THE STAFF'S REPORT ON IMPROVING QUALITY AND THE ASSURANCE OF QUALITY IN THE DESIGN AND CONSTRUCTION OF NUCLEAR POWER PLANTS, SUBMITTED TO THE CONGRESS IN APRIL 1984, WILL BE SEVERELY CURTAILED IN FY 1986 AS A RESULT OF PUBLIC LAW 99-177. REDUCTIONS WILL INCLUDE INITIATIVES RELATED TO FUTURE APPLICATIONS FOR CONSTRUCTION. TECHNICAL ASSISTANCE TO INSPECTIONS OF NUCLEAR SUPPLIERS AND DESIGNERS WILL BE REDUCED BY 50 PERCENT IN FY 1986. THERE WILL ONLY BE MINIMUM FUNDING TO SUPPORT TEAM INSPECTIONS OF MAJOR NUCLEAR POWER PLANT MODIFICATIONS DURING OUTAGES.

FUNDING REDUCTIONS WILL ALSO OCCUR IN FYS 1986 AND 1987 IN THE SPECIAL TEAM INSPECTION PROGRAMS (CONSTRUCTION APPRAISAL TEAM, INTEGRATED DESIGN INSPECTION PROGRAM AND INDEPENDENT DESIGN VERIFICATION PROGRAM) FOR CONSTRUCTION SITES, IN THE EMERGENCY PREPAREDNESS PROGRAM, AND IN TECHNICAL SUPPORT TO THE STAFF FOR PROBLEM FACILITIES IN BOTH CONSTRUCTION AND OPERATION. OTHER

INSPECTION AND ENFORCEMENT PROGRAMS WILL BE RETAINED ESSENTIALLY AT THEIR FY 1986 LEVELS.

NUCLEAR MATERIAL SAFETY AND SAFEGUARDS

DURING THE REMAINDER OF FY 1986 AND IN FY 1987, THE NUCLEAR MATERIAL SAFETY AND SAFEGUARDS (NMSS) PROGRAM WILL FOCUS ON SEVERAL PRIORITY ACTIVITIES.

SPECIFICALLY, WE WILL CONTINUE TO CARRY OUT OUR EXTENSIVE REGULATORY RESPONSIBILITIES UNDER THE NUCLEAR WASTE POLICY ACT AND THE URANIUM MILL TAILINGS RADIATION CONTROL ACT. WE WILL BE EXAMINING ALL ASPECTS OF THE RECENT URANIUM HEXAFLORIDE INCIDENT AT THE KERR-MCGEE SEQUOYAH FACILITY TO DETERMINE IF ANY REGULATORY CHANGES ARE APPROPRIATE. WE WILL BE EXAMINING THE ADEQUACY OF NRC SAFEGUARDS REQUIREMENTS AT LICENSED FACILITIES IN LIGHT OF AN INCREASED SENSITIVITY TO CURRENT TERRORIST ACTIVITIES ELSEWHERE IN THE WORLD. AND, WE WILL BEGIN EXECUTING OUR RESPONSIBILITIES

UNDER THE LOW-LEVEL RADIOACTIVE WASTE POLICY AMENDMENTS ACT OF 1985.

HOWEVER, YOU SHOULD BE AWARE THAT THE NRC FY 1987 BUDGET REQUEST DOES NOT CONTAIN RESOURCES TO IMPLEMENT THE RECENTLY ENACTED LOW-LEVEL WASTE ACT AMENDMENTS. WE ARE CURRENTLY EXAMINING WHERE WE CAN REPROGRAM RESOURCES FROM OTHER IMPORTANT ACTIVITIES WITHIN THE AGENCY.

OTHER IMPORTANT NMSS EFFORTS IN FY 1987 INCLUDE IDENTIFYING AND RESOLVING ISSUES ASSOCIATED WITH SPENT FUEL SHIPMENT AND STORAGE, RESPONDING TO UNANTICIPATED EVENTS INVOLVING FUEL CYCLE FACILITIES AND MATERIALS LICENSEES, COMPLETION OF LICENSING CASES FOR FUEL CYCLE FACILITIES AND THOUSANDS OF MATERIAL LICENSEES, AND THE CONDUCT OF A LIMITED NUMBER OF OPERATING REACTOR SAFEGUARDS REGULATORY EFFECTIVENESS REVIEWS.

Building Consolidation

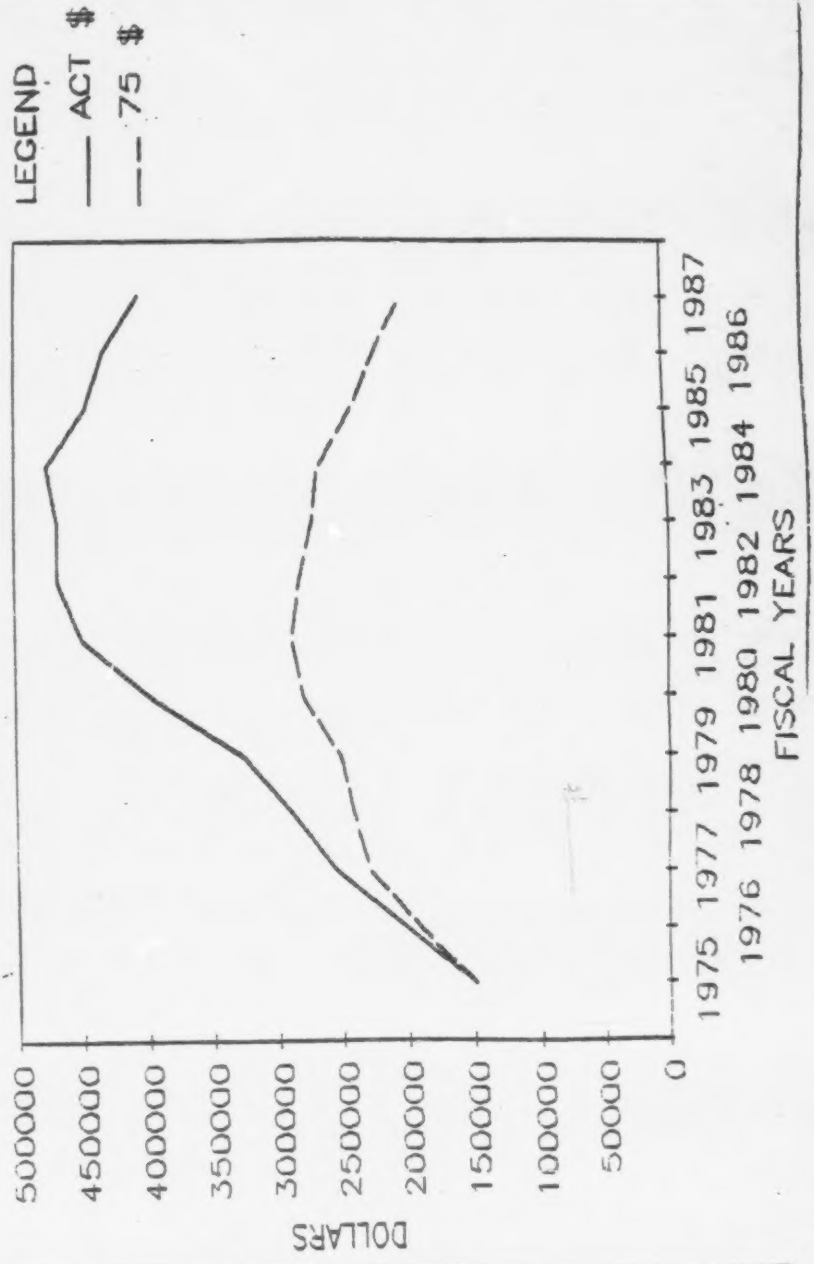
Of urgent interest to the Commission is the matter of NRC building consolidation. As you know the NRC staff has been housed in ten buildings in Rockville, Bethesda, Silver Spring and the District. We appreciate the Committee's continued support in our quest to consolidate and hope our efforts will bear fruit.

Conclusion

The details of our budget request are contained in our budget submission, which has already been provided to the Committee. Appendix C provides examples of NRC accomplishments in FY 1985.

In closing, let me reemphasize that the budget request submitted to Congress represents a minimum program in the view of the Commission. We urge your strong support for the full amount of our request.

APPENDIX A



U.S. NUCLEAR REGULATORY COMMISSION
TOTAL OBLIGATIONS IN CONSTANT DOLLARS
(Dollars in Thousands)

APPENDIX B

BUDGET RESOURCE SUMMARY [1]

PROGRAMS	FY 1985		FY 1986 [2]		FY 1987 [3]	
	FTE	$	FTE	$	FTE	$
NUCLEAR REACTOR REGULATION	711	86.5	716	83.8	683	79.8
INSPECTION AND ENFORCEMENT	1,105	94.6	1,140	98.2	1,135	98.6
NUCLEAR MAT'L SAFETY AND SAFEGUARDS	362	40.0	370	41.0	360	39.5
NUCLEAR REGULATORY RESEARCH	226	150.0	207	134.7	180	113.5
PROGRAM TECHNICAL SUPPORT	365	30.8	355	30.3	330	30.5
PROGRAM DIRECTION AND ADMIN.	729	43.5	703	43.3	681	43.1
	3,498	445.4	3,491	431.3	3,369	405.0

[1] DOLLARS ARE EXPRESSED IN MILLIONS.

[2] ESTIMATES DO NOT REFLECT THE $18 MILLION REDUCTION REQUIRED BY THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

[3] DEFICIT CONTROL ACT REDUCTIONS ARE NOT KNOWN AT THIS TIME.

APPENDIX C

EXAMPLES OF FY 1985 ACCOMPLISHMENTS

- ISSUED INITIAL LICENSES (RESTRICTED TO 5% POWER) FOR 10 REACTORS, 8 OF WHICH WERE GRANTED FULL-POWER AUTHORIZATIONS. IN ADDITION, 3 PREVIOUSLY LICENSED REACTORS RECEIVED FULL-POWER AUTHORIZATIONS.

- DEALT WITH PROBLEMS AND UNANTICIPATED EVENTS INVOLVING REACTORS UNDER CONSTRUCTION, OPERATING REACTORS, MATERIALS LICENSEES AND FUEL CYCLE FACILITIES, INCLUDING INITIATING A PROGRAM TO RESPOND TO REACTOR INCIDENTS.

- CARRIED OUT OUR RESPONSIBILITIES UNDER THE NUCLEAR WASTE POLICY ACT.

- THE COMMISSION ISSUED:
  - SEVERE ACCIDENT POLICY STATEMENT;
  - NEW BACKFIT RULE TO IMPROVE METHODS FOR ADMINISTERING THE IMPOSITION OF NEW REQUIREMENTS ON LICENSEES;
  - POLICY STATEMENT ON TRAINING;
  - FINAL RULE ON PRESSURIZED THERMAL SHOCK;
  - PROPOSED RULE FOR PUBLIC COMMENT ON CRITERIA FOR DECOMMISSIONING FACILITIES;
  - PROPOSED POLICY STATEMENT FOR REGULATION OF ADVANCED NUCLEAR POWER PLANTS.

- PROVIDED CONGRESS WITH REVISED LICENSING AND STANDARDIZATION LEGISLATION AND SUBMITTED SIX OTHER MISCELLANEOUS LEGISLATIVE PROPOSALS FOR CONGRESSIONAL CONSIDERATION.

- MONITORED AND TOOK APPROPRIATE REGULATORY ACTION ON TMI CLEANUP ACTIVITIES.

STATEMENT OF COMMISSIONER JAMES K. ASSELSTINE
BEFORE THE
SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
FEBRUARY 19, 1986

Mr. Chairman, I would like to add a few brief comments on the Administration's FY 1987 budget request for the NRC. The Commission's testimony has identified a number of NRC programs that will have to be scaled back or eliminated altogether as a result of the reductions to our budget request imposed by OMB. As the Commission's testimony notes, many of NRC's forward-looking programs will be either reduced substantially or terminated. This will leave us with little in the way of change from the reactive approach to regulation that we have employed in the past. It will also hinder our ability to respond effectively to serious operating events when they do occur.

The consequence of this reactive approach to regulation is, I think, clear. By the end of 1985, eight operating reactors -- Davis-Besse, Rancho Seco, San Onofre Unit 1, and TVA's Sequoyah and Browns Ferry plants -- were shut down as a result of serious operating events or a breakdown in the licensee's management so severe that neither we nor the licensee had confidence that its plants could be operated safely. This group of plants is equal to the number of plants that received new full-power operating licenses last year, and represents about 8 percent of the total number of plants with operating licenses. The Commission's original FY 1987 budget proposal contained a few modest efforts to improve our ability to identify such problem cases before they result in serious operating events that pose a potential hazard to the public. These efforts included the expanded use of team inspections to review plant operations, maintenance and surveillance activities and modification work at the plants. They also included efforts to take a more integrated look at safety at a few plants. These were steps toward a more proactive approach to regulation that is needed if we are to improve the performance of the existing plants and reduce the number of serious operating events. In addition, the Commission had begun some regulatory review work on advanced reactor concepts such as the high-temperature gas cooled reactor and the PIUS light-water reactor that hold the promise of greater simplicity. higher margins of safety and ease of construction when compared with existing reactors. I believe that the consequence of reducing or eliminating these more forward-looking programs will be that we will see more serious operating events of the type experienced this past year. As the number of operating plants continues to increase, as the existing plants grow older, and as we see continued evidence of the complexities and hidden vulnerabilities in these plants, we should be doing more rather than less forward-looking work.

Like my colleagues on the Commission, I, too, recognize the need for budget austerity. But rather than eliminate these needed programs, I would prefer to explore some more creative measures to obtain the necessary funding. An alternative, which appears to have the support of the Administration and OMB, is to obtain additional funding from the industry. I would recommend that the Congress consider two options here.

The first is funding the NRC's high-level radioactive waste disposal program from the Nuclear Waste Fund established by the Nuclear Waste Policy Act. Our high-level waste program is focused on the licensing of the high-level waste repository. Just as with DOE's repository development program, our repository licensing program is required to support the use of commercial power rectors. The costs of the repository program -- regulatory as well as developmental -- should be paid by those who benefit from the use of nuclear power. This could be accomplished in a variety of ways, including direct reimbursement to NRC from the Nuclear Waste Fund for the annual costs of our high-level waste licensing and research expenses or by means of an annual license fee to be paid by DOE and recovered from the Fund. Whatever means is used, it seems to me that the utilities through the Fund, rather than the taxpayers, should pay for the regulatory costs of the repository that are attributable to the commercial industry.

The second option that I believe the Congress should consider is the imposition of annual charges on our licensees to recover a greater portion of the costs of our reactor safety research program from the industry. At present, we charge license fees to cover the costs of our licensing and inspection activities that can be attributed to a particular facility. However, we do not take that approach with our safety research programs. Many of these programs provide a direct benefit to the industry. For example, as the Commission's budget testimony and our more detailed budget description note, some of our research programs are aimed at determining the acceptability of plant operations with degraded safety equipment such as cracked pipes in boiling water reactors and weakened steam generators in pressurized water reactors. These and other conditions constitute reductions in the quality and condition of safety systems from what was expected when the plants were licensed. Other NRC research programs are aimed at reducing the level of conservatism in our existing safety regulations -- actions which can reduce plant operating, maintenance and surveillance costs, and which could result in higher power levels for the plants. Because it has been difficult to quantify and assign such benefits to individual plants, we have not attempted to impose the costs of these research programs on the industry. While the industry has voluntarily participated in some safety research programs, the lion's share of the cost has been paid over the years by the taxpayer.

I believe that a greater portion of the costs of these programs should be recovered from the industry. There are several ways of accomplishing this. One means is the imposition of annual charges as proposed in the Consolidated Omnibus Budget Reconciliation Act of 1985. Whatever the means used, recovery of a greater portion of the costs of our safety research program from the industry, coupled with payment of the repository regulatory costs from the Nuclear Waste Fund, would provide the funds needed to carry out a set of aggressive, forward-looking regulatory initiatives to improve the performance of our commercial power reactors without increasing, and perhaps even by reducing somewhat, the financial burden on the Federal taxpayer. I believe that now is the time to consider such a creative approach for funding NRC's regulatory programs.

COMMISSIONER THOMAS M. ROBERTS
STATEMENT ON "USER FEES"

I do not support the idea of mandating an annual "user fee" to fund the NRC budget. I believe that for the regulated to fund the activities of the regulator is an inimical conflict of interest. In this regard, one needs to understand that the decisions we need to make at the NRC to protect the public's health and safety are unique in their far-reaching consequences and should be made in an atmosphere free from actual or potential conflict of interest. This is not only a "nice to have" principle but it is vital to the proper discharge of our responsibilities. All the "user fee" schemes I have heard discussed present conflict of interest problems.

In regard to another principle, it has been said that the "user fee" concept is based on the principle that the beneficiaries of government services should pay for these services. It is important to note that currently the NRC does just that. Our current fee schedule imposes fees for power reactor licensing, amendments, routine inspections, reactive inspections, reactor operator examinations, material licenses, etc. The NRC may legally charge fees only if three conditions are met: the service performed must be a condition of license issuance or continued operation; the service must confer specific benefits; the service must have identified beneficiaries. Thus the NRC has excluded from fee assessment only those areas where there is difficulty in identifying the costs that are related to a specific applicant or group of applicants.

The Congress years ago determined that the production of electricity by nuclear power was in the national interest. The benefits of nuclear power generation accrue to all users of electricity. These benefits are many and varied: from the economic growth of our industrial base to our enhanced national security. Therefore, I believe that to tax individual rate payers (through their utilities) to support something of benefit to all is incompatible with our nation's philosophy of taxation.

As a practical matter, as the NRC has stated on October 1, 1985 in its letter to Senator Alan Simpson, managing the collection and administration of "user fee" is going to be problematical -- ". . . an annual rulemaking to assess the annual fee, if that is what the language 'assess and collect annual charges' would require, would be extremely burdensome and difficult if not impossible to accomplish."

U.S. NUCLEAR REGULATORY COMMISSION
SUMMARY OF BUDGET BY FUNCTION
(DOLLARS IN MILLIONS)

FUNCTION	ACTUAL FY 1985	ESTIMATE 1/ FY 1986	ESTIMATE 1/ FY 1987
SALARIES AND BENEFITS	$172.2	$171.5	$168.4
PROGRAM SUPPORT	213.7	193.8	170.8
ADMINISTRATIVE SUPPORT	50.2	56.5	56.3
TRAVEL	9.3	9.5	9.5
TOTAL	$445.4	$431.3 2/	$405.0

1/ DOES NOT REFLECT GRAMM-RUDMAN-HOLLINGS REDUCTION.
2/ INCLUDES $11.0M IN UNCOMMITTED CARRYOVER AND $2.3M OF FY 1985 COMMITMENTS.

U.S. NUCLEAR REGULATORY COMMISSION
SUMMARY OF PROGRAM DOLLARS AND STAFF
(Dollars in Millions, Staff in FTE's)

	Actual		Estimate			
	FY 1985		FY 1986		FY 1987	
Program	Dollars	FTE's	Dollars 1/	FTE's	Dollars	FTE's
Nuclear Reactor Regulation	$ 86.5	711	$ 83.8	716	$ 79.9	683
Inspection and Enforcement	94.6	1,105	98.2	1,140	98.5	1,135
Nuclear Material Safety and Safeguards	40.0	362	41.0	370	39.5	360
Nuclear Regulatory Research	150.0	226	134.7	207	113.5	180
Program Technical Support	30.7	365	30.3	355	30.5	330
Program Direction and Administration	43.6	729	43.3	703	43.1	681
Total	$445.4	3,498	$431.3 2/	3,491	$405.0	3,369

1/ Does not reflect Gramm-Rudman-Hollings reduction.
2/ Includes $11.0M in uncommitted carryover and $2.3M of FY 1985 commitments.

FY 1987 BUDGET SUMMARY
(DOLLARS IN THOUSANDS, STAFF IN FTE'S)

PROGRAM TECHNICAL SUPPORT

	FY 1985 ACTUAL		FY 1986 ESTIMATE		FY 1987 ESTIMATE	
	FUNDS	STAFF	FUNDS	STAFF	FUNDS	STAFF
ACRS	$ 285	54	$ 250	50	$ 320	42
ASLBP	608	51	822	48	820	38
ASLAP	3	16	10	15	10	14
OI	0	38	0	44	0	44
ELD	74	102	60	96	60	91
OIP	53	29	10	27	50	25
SP	722	35	695	33	700	32
AEOD	3,395	40	3,233	42	4,590	44
TOTALS	$5,140	365	$5,080	355	$6,550	330

FY 1987 BUDGET SUMMARY
(DOLLARS IN THOUSANDS, STAFF IN FTE'S)

PROGRAM DIRECTION & ADMINISTRATION

	FY 1985 ACTUAL		FY 1986 ESTIMATE		FY 1987 ESTIMATE	
	FUNDS	STAFF	FUNDS	STAFF	FUNDS	STAFF
OCM	$ 0	34	$ 40	36	$ 100	36
SECY	325	30	230	31	350	30
OIA	0	27	0	26	0	26
OGC	6	29	22	31	29	30
OPA	11	17	10	18	10	17
OPE	0	18	25	17	60	14
OCA	0	10	1	9	1	8
EDO	0	23	50	21	50	20
SDBU/CR	51	9	375	8	150	7
RM	1,558	133	1,122	127	1,050	124
ADM	0	399	0	379	0	369
TOTALS	$1,951	729	$1,875	703	$1,800	681

QUESTION 1. PLEASE DISCUSS THE EFFECT OF PROPOSED SEQUESTRATIONS OF FY 1986 FUNDS ON COMMISSION PROGRAMS. WILL AGENCY STAFF LEVELS BE REDUCED? WHAT PROJECTS WILL BE AFFECTED OR TERMINATED AS A RESULT?

ANSWER

WE EXPECT TO BE ABLE TO ABSORB THE 4.3% REDUCTION IN FY 1986. THE SPECIFIC EFFECT OF THE 4.3% FUNDING REDUCTION DUE TO THE SEQUESTRATION ORDER IS CURRENTLY UNDER REVIEW BY THE COMMISSION. THIS REVIEW WILL QUITE PROBABLY RESULT IN FUNDING CHANGES AT THE PROGRAM, PROJECT AND ACTIVITY LEVEL WHICH WOULD REQUIRE CONGRESSIONAL REPROGRAMMING APPROVAL. THIS FINAL ALLOCATION WILL BE PROPOSED IN ORDER TO MINIMIZE THE IMPACT ON OUR HIGHEST PRIORITY ACTIVITIES. APPROPRIATE DISCUSSIONS OF THE IMPACTS OF THESE FUNDING CHANGES WOULD BE FORTHCOMING AT THAT TIME. THE AGENCY DOES NOT PROPOSE TO REDUCE STAFF LEVELS IN FY 1986 AS A RESULT OF THE SEQUESTRATION OF FY 1986 FUNDS. HOWEVER, WE PLAN TO UNDERUTILIZE OUR FTE CEILING, BY 60-80 FTE'S, IN FY 1986 IN ORDER TO COME CLOSER TO OUR REDUCED STAFFING CEILING FOR FY 1987.

QUESTION 2. PLEASE DISCUSS IN DETAIL THE BUDGET REQUEST FOR FISCAL YEAR 1987. HOW DO THESE FIGURES COMPARE TO THE AMOUNTS ACTUALLY APPROPRIATED IN FISCAL YEAR 1986, AND WITH THE LEVELS OF FUNDING RESULTING FROM THE REQUIRED SEQUESTER?

ANSWER.

A DETAILED DISCUSSION OF NRC'S FY 1987 BUDGET REQUEST INCLUDING NRC'S FY 1986 RESOURCE ESTIMATES IS PROVIDED IN THE ATTACHED DOCUMENT ENTITLED "BUDGET ESTIMATES FISCAL YEAR 1987" (NUREG-1100 VOLUME 2).

ALSO ATTACHED IS A TABLE COMPARING NRC'S FY 1986 FUNDING ESTIMATES AS CONTAINED IN THE NUREG-1100, WITH THE REPORTED SEQUESTERED AMOUNTS TO MEET THE UNIFORM APPLICATION OF NRC'S 4.3% REDUCTION AS REQUIRED IN THE IMPLEMENTATION OF PUBLIC LAW 99-177. THE NRC, HOWEVER, INTENDS TO SUBMIT A REPROGRAMMING REQUEST TO CONGRESS IN THE NEAR FUTURE TO REALLOCATE THIS REDUCTION IN A MANNER THAT IS MORE ALIGNED TO ITS PROGRAMMATIC PRIORITIES. THE TABLE ALSO INCLUDES THE NRC FY 1987 REQUEST.

WITH THESE REDUCED RESOURCE LEVELS IN FISCAL YEARS 1986 AND 1987, THE NRC WILL BE PERFORMING LESS REGULATORY OVERSIGHT, NOT MORE. OUR CAPABILITY TO RESPOND TO AND RESOLVE ISSUES FROM UNPLANNED EVENTS IN A TIMELY MANNER WILL BE DIMINISHED. IN ADDITION, FORWARD-LOOKING ACTIONS AND PROGRAMS NECESSARY TO MEET FUTURE ISSUES AND CHALLENGES HAVE BEEN REDUCED OR ELIMINATED.

ENCLOSURES:

1. NUREG-1100 VOLUME 2
2. TABLE OF NRC'S G-R-H ACT REDUCTIONS

QUESTION 2.

ENCLOSURE 1.

NUREG-1100
Volume 2

BUDGET ESTIMATES FISCAL YEAR 1987

Appropriation: Salaries and Expenses

February 1986

U.S. Nuclear Regulatory Commission

QUESTION 2.

ENCLOSURE 2.

NRC FY 1986 REDUCTIONS FOR REPORTED SEQUESTERED AMOUNTS AND FY 1987 REQUEST

($ IN THOUSANDS)

	FY 1986			FY 1987
NRC PROGRAM	CURRENT ESTIMATE	REDUCTION	REVISED ESTIMATE	CURRENT ESTIMATE
NUCLEAR REACTOR REGULATION	$ 83,760	$ 3,478	$ 80,282	$ 79,840
NUCLEAR MATERIAL SAFETY AND SAFEGUARDS	40,970	1,705	39,265	39,520
INSPECTION AND ENFORCEMENT	98,240	4,075	94,165	98,540
NUCLEAR REGULATORY RESEARCH	134,710	5,665	129,045	113,460
PROGRAM TECHNICAL SUPPORT	30,290	1,261	29,029	30,525
PROGRAM DIRECTION AND ADMINISTRATION	43,342	1,790	41,552	43,115
TOTAL	$431,312	$17,974	$413,338	$405,000

QUESTION 3. PLEASE DISCUSS THE RATIONALE FOR THE INCREASES OR DECREASES IN THE LEVEL OF FUNDING FOR FISCAL YEAR 1987. IN AREAS WHERE PROGRAMS ARE INCREASED, INDICATE WHETHER THESE INCREASES ARE TIED TO NEW AGENCY INITIATIVES OR REFLECT INCREASES IN ONGOING PROGRAMS. SPECIFY WHAT THE ADDITIONAL FUNDS PROVIDE. IN THE PROGRAMS WHERE REDUCTIONS HAVE BEEN MADE, WHAT SPECIFIC AREAS OF THE PROGRAM WILL BE REDUCED OR ELIMINATED AND WHAT WILL BE THE EFFECT OF THESE REDUCTIONS ON OPERATION OF THE PROGRAM? WHAT CHANGES ARE MADE IN PROGRAM PRIORITIES?

QUESTION 4. WHAT PERSONNEL INCREASES OR DECREASES ARE BEING PROPOSED FOR FISCAL YEAR 1987? HOW WILL THIS AFFECT THE AGENCY'S ABILITY, INCLUDING ANY ADDITIONAL TIME IT WILL TAKE, TO CARRY OUT ITS PROGRAM RESPONSIBILITIES?

ANSWER.

THE PROPOSED RESOURCE LEVELS (FUNDING AND PERSONNEL) ARE SHOWN IN TABLE 1. THE SIGNIFICANT CHANGES FROM FY 1986 TO FY 1987 FOR EACH OF NRC'S MAJOR PROGRAMS ARE DISCUSSED BELOW.

QUESTIONS 3 AND 4. (CONTINUED)

NUCLEAR REACTOR REGULATION

THE NUCLEAR REACTOR REGULATORY PROGRAM IS IN TRANSITION. WHILE DEMAND FOR RESOURCES NEEDED TO REVIEW NEW LICENSE APPLICATIONS DECREASES, THE DEMAND FOR RESOURCES NEEDED TO EVALUATE SAFETY-RELATED LICENSING ACTIONS, RESPOND TO EVENTS, AND PERFORM OVERALL PROJECT MANAGEMENT MAY INCREASE WITH THE NUMBER OF REACTORS COMING ON-LINE. FOR EXAMPLE, ABOUT 600-700 MORE LICENSING ACTIONS ARE ANTICIPATED FOR OPERATING PLANTS IN FY 1987 THAN WERE ACTUALLY RECEIVED IN FY 1985.

IN FY 1987, WE WILL CONTINUE TO WORK ON OPERATING LICENSE AND PENDING STANDARDIZED PLANT DESIGN PROPOSALS. WE ALSO INTEND TO CONDUCT ACTIVE PROGRAMS TO OVERSEE THE SAFE OPERATION OF OPERATING PLANTS, TO LICENSE REACTOR OPERATORS, TO CONTINUE WORKING ON UNRESOLVED AND HIGH PRIORITY GENERIC SAFETY AND HUMAN FACTORS ISSUES, AND WORK ON INITIATIVES RELATED TO SEVERE ACCIDENTS AND SAFETY GOALS.

FY 1987 BUDGET REDUCTIONS IN THE NUCLEAR REACTOR REGULATION PROGRAM WILL REDUCE OR ELIMINATE IMPROVEMENTS IN SUCH AREAS AS RISK ASSESSMENT, HUMAN FACTORS, AND ADVANCED REACTOR CONCEPTS. FURTHER, WE WILL NOT BE ABLE TO IMPLEMENT THE INTEGRATED SAFETY ASSESSMENT PROGRAM AS A SEPARATE PROGRAM. ALSO, OUR ABILITY TO RESOLVE MAJOR UNANTICIPATED PROBLEMS AT OPERATING FACILITIES AND THOSE UNDER LICENSING REVIEW MAY BE SEVERELY CONSTRAINED.

QUESTIONS 3 AND 4. (CONTINUED)

NUCLEAR MATERIAL SAFETY AND SAFEGUARDS.

DURING THE REMAINDER OF FY 1986 AND IN FY 1987, THE NUCLEAR MATERIAL SAFETY AND SAFEGUARDS (NMSS) PROGRAM WILL FOCUS ON SEVERAL PRIORITY ACTIVITIES.

SPECIFICALLY, WE WILL CONTINUE TO CARRY OUT OUR EXTENSIVE REGULATORY RESPONSIBILITIES UNDER THE NUCLEAR WASTE POLICY ACT AND THE URANIUM MILL TAILINGS RADIATION CONTROL ACT. WE WILL EXAMINE THE RECENT URANIUM HEXAFLORIDE INCIDENT AT THE KERR-MCGEE SEQUOYAH FACILITY TO DETERMINE IF ANY REGULATORY CHANGES ARE APPROPRIATE. WE WILL BE EXAMINING THE ADEQUACY OF NRC SAFEGUARDS REQUIREMENTS AT LICENSED FACILITIES IN LIGHT OF AN INCREASED SENSITIVITY TO CURRENT TERRORIST ACTIVITIES ELSEWHERE IN THE WORLD. AND, WE WILL BEGIN EXECUTING OUR RESPONSIBILITIES UNDER THE LOW-LEVEL RADIOACTIVE WASTE POLICY AMENDMENTS ACT OF 1985.

HOWEVER, YOU SHOULD BE AWARE THAT THE NRC FY 1987 BUDGET REQUEST DOES NOT CONTAIN RESOURCES TO IMPLEMENT THE RECENTLY ENACTED LOW-LEVEL WASTE ACT AMENDMENTS. WE ARE CURRENTLY EXAMINING WHERE WE CAN REPROGRAM RESOURCES FROM OTHER IMPORTANT ACTIVITIES WITHIN THE AGENCY.

QUESTIONS 3 AND 4. (CONTINUED)

OTHER IMPORTANT NMSS EFFORTS IN FY 1987 INCLUDE IDENTIFYING AND RESOLVING ISSUES ASSOCIATED WITH SPENT FUEL SHIPMENT AND STORAGE, RESPONDING TO UNANTICIPATED EVENTS INVOLVING FUEL CYCLE FACILITIES AND MATERIALS LICENSEES, COMPLETION OF LICENSING CASES FOR FUEL CYCLE FACILITIES AND THOUSANDS OF MATERIAL LICENSEES, AND THE CONDUCT OF A LIMITED NUMBER OF OPERATING REACTOR SAFEGUARDS REGULATORY EFFECTIVENESS REVIEWS.

INSPECTION AND ENFORCEMENT

THE INSPECTION AND ENFORCEMENT (IE) PROGRAM WILL CONTINUE TO EMPHASIZE ON-SITE INSPECTION OF REACTORS. IT WILL PROVIDE FOR A SECOND RESIDENT INSPECTOR AT MOST OPERATING SITES AND WILL CONTINUE THE ASSIGNMENT OF AT LEAST TWO RESIDENT INSPECTORS AT ALL CONSTRUCTION AND PRE-OPERATIONAL TESTING SITES. WE ALSO INTEND TO CONTINUE TO FOCUS OUR ATTENTION ON OPERATING EXPERIENCE TO IDENTIFY ISSUES OF GENERIC SAFETY SIGNIFICANCE AND LICENSEES REQUIRING INCREASED REGULATORY ATTENTION.

WORK ON THE QUALITY ASSURANCE INITIATIVES DESCRIBED IN THE STAFF'S REPORT ON IMPROVING QUALITY AND THE ASSURANCE OF QUALITY IN THE DESIGN AND CONSTRUCTION OF NUCLEAR POWER PLANTS, SUBMITTED TO THE CONGRESS IN APRIL 1984, WILL BE CURTAILED IN FY 1986 AS A RESULT OF PUBLIC LAW 99-177. REDUCTIONS WILL INCLUDE INITIATIVES RELATED TO FUTURE APPLICATIONS FOR CONSTRUCTION.

QUESTIONS 3 AND 4. (CONTINUED)

TECHNICAL ASSISTANCE TO INSPECTIONS OF NUCLEAR SUPPLIERS AND DESIGNERS WILL BE REDUCED BY 50 PERCENT IN FY 1986. THERE WILL ONLY BE MINIMUM FUNDING TO SUPPORT TEAM INSPECTIONS OF MAJOR NUCLEAR POWER PLANT MODIFICATIONS DURING OUTAGES.

FUNDING REDUCTIONS WILL ALSO OCCUR IN FYS 1986 AND 1987 IN THE SPECIAL TEAM INSPECTION PROGRAMS (CONSTRUCTION APPRAISAL TEAM, INTEGRATED DESIGN INSPECTION PROGRAM AND INDEPENDENT DESIGN VERIFICATION PROGRAM) FOR CONSTRUCTION SITES, IN THE EMERGENCY PREPAREDNESS PROGRAM, AND IN TECHNICAL SUPPORT TO THE STAFF FOR PROBLEM FACILITIES IN BOTH CONSTRUCTION AND OPERATION. OTHER INSPECTION AND ENFORCEMENT PROGRAMS WILL BE RETAINED ESSENTIALLY AT THEIR FY 1986 LEVELS.

NUCLEAR REGULATORY RESEARCH

IN TERMS OF CONSTANT DOLLARS, OUR RESEARCH BUDGET WILL BE LOWER IN FY 1987 THAN IT WAS WHEN THE AGENCY WAS FORMED IN 1975. BETWEEN 1981 AND 1987, THE NUCLEAR REGULATORY RESEARCH PROGRAM WILL HAVE BEEN REDUCED BY MORE THAN $110 MILLION, ABOUT 53 PERCENT. JOINT PROGRAMS WITH OTHER PARTIES AND IMPROVED OPERATING ECONOMICS CANNOT MAKE UP FOR THESE REDUCTIONS OVER THE YEARS. THE REDUCTIONS IN THE FY 1987 RESEARCH BUDGET WILL MEAN AN END TO SOME PROGRAMS AND SIGNIFICANT DELAYS IN OR DEFERRAL OF OTHERS.

QUESTIONS 3 AND 4. (CONTINUED)

NUCLEAR REGULATORY RESEARCH (CONTINUED)

THE ABSENCE OF NEEDED SAFETY INFORMATION CAN REQUIRE GREATER CONSERVATISM IN THE REGULATORY PROCESS AND COULD ULTIMATELY LEAD TO PLANT SHUTDOWNS OR POWER REDUCTIONS. THUS, IN THE LONG RUN, INADEQUATE FUNDING OF THE NRC RESEARCH PROGRAM COULD COST THE PUBLIC MORE.

THE NRC RESEARCH PROGRAM IS THE PRINCIPAL U.S. GOVERNMENT PROGRAM OF NUCLEAR SAFETY RESEARCH AND IS AN ESSENTIAL PART OF OUR REGULATORY PROCESS. IT PROVIDES US WITH THE SOUND TECHNICAL INFORMATION WE NEED TO DEAL EFFECTIVELY WITH COMPLEX TECHNICAL ISSUES IN REACTOR REGULATION, INSPECTION, AND NUCLEAR MATERIAL SAFETY AND SAFEGUARDS.

A MAJOR FEATURE OF THE RESEARCH PROGRAM IS ITS EMPHASIS ON SAFETY AT OPERATING FACILITIES WHERE PROBLEMS CONTINUE TO ARISE. PROBLEMS WITH CORROSION, RADIATION EMBRITTLEMENT, AND FATIGUE HAVE RAISED SPECIFIC QUESTIONS ABOUT LONG-TERM SAFETY IMPLICATIONS AT SOME CURRENTLY OPERATING PLANTS. OPERATIONAL PROBLEMS INCLUDE CRACKED PIPING AT BOILING WATER REACTORS, STEAM GENERATOR DEGRADATION AT PRESSURIZED WATER REACTORS, DEFECTIVE VALVES AND RELAYS, AND INADEQUATE MEANS FOR DETECTING AND CHARACTERIZING FLAWS.

QUESTIONS 3 AND 4. (CONTINUED)

NUCLEAR REGULATORY RESEARCH (CONTINUED)

SOME OF THESE QUESTIONS ARE BEING RESOLVED BY RESEARCH AND REGULATORY ACTION, BUT MORE QUESTIONS ARE LIKELY TO CONTINUE TO ARISE AS PLANTS MATURE AND TECHNOLOGY EVOLVES. THE NRC AS WELL AS INDUSTRY MUST BE PREPARED FOR THESE AND OTHER NEW SAFETY ISSUES. AS SUCH, A STABLE, PROPERLY BALANCED RESEARCH PROGRAM IS ESSENTIAL FOR THE COMMISSION TO CARRY OUT ITS RESPONSIBILITIES FOR EFFECTIVE NUCLEAR SAFETY REGULATION.

NRC RESEARCH EFFORTS PLANNED FOR FY 1987 WILL FOCUS PRIMARILY ON:

- THE STUDY OF PLANT AGING AND DETERIORATION OF EQUIPMENT AND STRUCTURES IMPORTANT TO SAFE OPERATION;

- EVALUATION OF RECENT SOURCE-TERM WORK TO DEVELOP CRITERIA FOR EXAMINATION OF INDIVIDUAL PLANTS AND TO IDENTIFY REGULATIONS THAT COULD BE AFFECTED BY NEW SOURCE-TERM KNOWLEDGE;

- SEVERE ACCIDENT SEQUENCE ANALYSIS, DAMAGED FUEL, FISSION PRODUCT RELEASE AND OTHER RESEARCH NEEDED TO PROVIDE A SOUND TECHNICAL BASIS FOR IMPLEMENTATION OF THE SEVERE ACCIDENT POLICY;

QUESTIONS 3 AND 4. (CONTINUED)

NUCLEAR REGULATORY RESEARCH (CONTINUED)

- ASSESSMENT OF COMPUTER CODES USED TO EVALUATE THE SAFETY RESPONSE TO A WIDE RANGE OF TRANSIENTS AND ACCIDENTS;
- SEISMIC ANALYSIS, AND
- DEVELOPMENT OF METHODS AND TOOLS FOR EVALUATING DOE'S PROPOSED NUCLEAR WASTE REPOSITORY.

PROGRAM TECHNICAL SUPPORT AND PROGRAM DIRECTION AND ADMINISTRATION

WHILE PROGRAM SUPPORT FUNDING FOR THE PROGRAM DIRECTION AND ADMINISTRATION AREA REMAINS LEVEL, PROGRAM SUPPORT FUNDING FOR THE PROGRAM TECHNICAL SUPPORT PROGRAM INCREASES ABOUT $1.5 MILLION OVER FY 1986. THIS INCREASE REFLECTS ESTABLISHMENT AND IMPLEMENTATION OF MULTIDISCIPLINARY INCIDENT INVESTIGATIVE TEAMS, AND FOR THE MANAGEMENT OF FAILURE, AND RELIABILITY DATA STUDIES. PERSONNEL LEVELS (SALARIES AND BENEFITS) IN BOTH PROGRAMS WERE REDUCED TO REFLECT A REDUCED REACTOR LICENSING CASELOAD, REDUCED TRAINING OF STATE PERSONNEL IN HEALTH AND SAFETY MATTERS, REDUCED ABILITY TO FACILITATE THE FLOW OF NUCLEAR HEALTH AND SAFETY RELATED INFORMATION BETWEEN THE UNITED STATES AND FOREIGN COUNTRIES AND REDUCED DEVELOPMENT FOR CIVIL RIGHTS PROGRAMS AND SMALL BUSINESS DEVELOPMENT AND REDUCED LEVELS OF SUPPORT IN THE MANAGEMENT AND DIRECTION FOR THE AGENCY'S PROGRAMS. THESE DECREASES WERE PARTIALLY OFFSET BY AN INCREASED EMPHASIS ON DATA COLLECTION, ANALYSIS AND MANAGEMENT, EVENTS EVALUATION AND TRENDS AND PATTERNS ANALYSIS DUE TO THE INCREASE IN OPERATING REACTORS.

QUESTIONS 3 AND 4. (CONTINUED)

TABLE 1

BUDGET RESOURCE SUMMARY

($ IN MILLIONS)

PROGRAMS	FY 1986 EST. [1]		FY 1987 [2]		CHANGE	
	FTE	$	FTE	$	FTE	$
NUCLEAR REACTOR REGULATION	716	83.8	683	79.8	- 33	- 4.0
NUCLEAR MAT'L SAFETY & SFGDS	370	41.0	360	39.5	- 10	- 1.5
INSPECTION AND ENFORCEMENT	1140	98.2	1135	98.6	- 5	+ 0.4
NUCLEAR REGULATORY RESEARCH	207	134.7	180	113.5	- 27	-21.2
PROGRAM TECHNICAL SUPPORT	355	30.3	330	30.5	- 25	+ 0.2
PROGRAM DIRECTION AND ADMIN.	703	43.3	681	43.1	- 22	- 0.2
	3491	431.3	3369	405.0	-122	-26.3

[1] ESTIMATES DO NOT REFLECT THE $18 MILLION REDUCTION REQUIRED BY THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

[2] DEFICIT CONTROL ACT REDUCTIONS ARE NOT KNOWN AT THIS TIME.

QUESTION 5. PLEASE SUMMARIZE WHAT LEGISLATIVE INITIATIVES, IF ANY, ARE NECESSARY, OR ARE BEING CONSIDERED, TO IMPLEMENT ANY PART OF THE AGENCY'S FISCAL YEAR 1987 BUDGET REQUEST. IF SUCH INITIATIVES ARE NECESSARY OR ARE BEING CONSIDERED, PLEASE DESCRIBE THESE PROPOSALS AND SPECIFY THE BUDGETARY IMPACT OF EACH PROVISION.

ANSWER

THERE ARE NO LEGISLATIVE INITIATIVES WHICH ARE NECESSARY TO IMPLEMENT THE COMMISSION PROGRAMS AS DESCRIBED IN OUR FY 1987 BUDGET REQUEST. HOWEVER, THE ADMINISTRATION AND THE CONGRESS HAVE PROPOSED BOTH A USER FEE AND THE EXPENDITURE FROM THE NUCLEAR WASTE FUND FOR ACTIVITIES UNDER TITLE 1 OF THE NUCLEAR WASTE POLICY ACT OF 1982. THE COMMISSION IS CONSIDERING BOTH OF THESE PROPOSALS.

THE FY 1987 PRESIDENT'S BUDGET PROPOSES THAT THE NRC IMPOSE A USER FEE ON ALL OPERATING NUCLEAR POWER PLANTS TO RECOVER ABOUT ONE HALF OF ITS ANNUAL BUDGET. (PAGE 4-12, BUDGET OF THE UNITED STATES GOVERNMENT, FISCAL YEAR 1987). CURRENT LEGISLATION BEFORE CONGRESS (SECTION 7601 OF THE CONFERENCE REPORT ON THE CONSOLIDATED OMNIBUS RECONCILIATION ACT OF 1985) WOULD REQUIRE THE NRC TO COLLECT ONE THIRD OF ITS ANNUAL BUDGET FROM ITS LICENSEES THROUGH ANNUAL FEES. SHOULD THE CONGRESS DECIDE TO ESTABLISH A USER FEE TO RAISE REVENUES TO FURTHER OFFSET THE COST OF THE NRC OPERATION, WE STRONGLY URGE THAT THE MEANS FOR SO DOING

ANSWER 5. (CONTINUED)

SHOULD (1) BE EASY TO DESIGN AND IMPLEMENT, (2) BE HANDLED BY CONGRESSIONAL LEGISLATION RATHER THAN BY COMMISSION RULE, AND (3) BE RELATIVELY STABLE. THE COMMISSION, AS STATED IN PARAGRAPH ONE, IS STILL CONSIDERING THIS ISSUE; THEREFORE, TO PROVIDE OR SUGGEST A SPECIFIC APPROACH IS PREMATURE.

SECTION 4 OF H.R. 2040 (A BILL AUTHORIZING APPROPRIATIONS FOR EXPENDITURES FROM THE NUCLEAR WASTE FUND FOR ACTIVITIES UNDER TITLE 1 OF THE NUCLEAR WASTE POLICY ACT OF 1982 - NWPA) PROPOSES THAT DOE TRANSFER FUNDS FROM THE NUCLEAR WASTE FUND TO THE TREASURY GENERAL FUND AMOUNTS EQUAL TO THE AMOUNTS APPROPRIATED TO NRC TO BE EXPENDED IN FY 1986 AND FY 1987 IN CARRYING OUT ITS RESPONSIBILITIES UNDER TITLE 1 OF THE NWPA. AMONG THE SEVERAL CONSIDERATIONS TO BE ADDRESSED, NRC'S MAJOR CONCERN IS THAT THERE BE NO APPEARANCE OF COMPROMISE OF ITS LICENSING INDEPENDENCE. THE COMMISSION IS ALSO CONCERNED THAT THERE BE MINIMUM ADDITIONAL ADMINISTRATIVE COSTS FOR THE NRC AND THAT THE CONGRESSIONAL ACTION TO OBTAIN REIMBURSEMENT FROM THE WASTE FUND NOT INTERFERE WITH NRC'S ANNUAL APPROPRIATION PROCESS. WE DO NOT SEE ANY BUDGETARY IMPACT UPON THE NRC OF EITHER THE USER FEE OR THE WASTE FUND PROPOSALS.

QUESTION 6. PLEASE SUMMARIZE ALL EFFICIENCIES THAT HAVE BEEN UNDERTAKEN OR THAT ARE BEING CONSIDERED, INCLUDING ANY ORGANIZATIONAL CHANGES, TO ENABLE THE COMMISSION TO CARRY OUT ITS STATUTORY MANDATE IN A MORE EFFICIENT MANNER OR TO ELIMINATE UNNECESSARY OVERLAP OR DUPLICATION IN COMMISSION PROGRAMS.

ANSWER

SEVERAL ACTIONS HAVE BEEN TAKEN AND ARE CURRENTLY BEING EVALUATED TO MORE EFFECTIVELY ADMINISTER NRC PROGRAMS.

THE OFFICE OF NUCLEAR REACTOR REGULATION WAS RECENTLY REORGANIZED TO MORE EFFICIENTLY AND EFFECTIVELY RESPOND TO THE CONTINUING GROWTH IN THE NUMBER OF OPERATING REACTORS AND THE CONCOMITANT REDUCTION IN LICENSING CASEWORK. AS WORKLOADS CONTINUE TO SHIFT FROM APPLICATION REVIEWS TO OPERATING REACTOR OVERSIGHT, AN ORGANIZATION MORE ORIENTED TO OPERATIONAL SAFETY MATTERS WAS DEEMED NECESSARY. THE REALIGNMENT STREAMLINES RESPONSIBILITIES AND AUTHORITY AND REDUCES OVERHEAD COSTS.

BUILDING CONSOLIDATION IS HIGH ON THE NRC'S LIST OF ACTIONS NECESSARY TO ACHIEVE A MORE EFFICIENT OPERATION. THE GENERAL SERVICES ADMINISTRATION HAS DEVELOPED A PHASED PLAN TO CONSOLIDATE THE NRC IN A COMPLEX OF BUILDINGS IN PROXIMITY TO EACH OTHER IN MARYLAND. THE CONSOLIDATION WILL ELIMINATE

ANSWER 6. (CONTINUED)

REDUNDANT SERVICES AND FACILITIES AS WELL AS UNPRODUCTIVE TRAVEL TIME BETWEEN OUR CURRENT DISPERSED LOCATIONS. HOWEVER, THE PRIMARY BENEFIT OF THE CONSOLIDATION WILL BE IMPROVED MANAGEMENT COMMUNICATION AND EFFECTIVENESS.

ADDITIONALLY, THE COMMISSION HAS DIRECTED THE UNIFICATION OF THE OFFICE OF GENERAL COUNSEL AND THE OFFICE OF THE EXECUTIVE LEGAL DIRECTOR. A PLAN IS BEING DEVELOPED TO IDENTIFY THE EFFICIENCIES AND RESOURCE SAVINGS THAT WOULD RESULT FROM CONSOLIDATING THESE TWO OFFICES INTO ONE OFFICE.

THE COMMISSION IS UNDERTAKING A NUMBER OF EFFORTS TO MORE EFFECTIVELY USE OUR LIMITED RESOURCES IN CARRYING OUT OUR STATUTORY MANDATE. A CURRENT EXAMPLE IS IN OUR INSPECTION ACTIVITIES. NUCLEAR POWER PLANTS THAT HAVE EXHIBITED CONTINUOUS TOP PERFORMANCE IN NUCLEAR SAFETY RECEIVE REDUCED REGULATORY ATTENTION THEREBY ALLOWING MORE EFFECTIVE USE OF LIMITED RESOURCE FOR THOSE PLANTS WHERE NRC INSPECTION RESULTS OR OPERATIONAL EVENTS INDICATE THE NEED FOR INCREASED SPECIAL REGULATORY ATTENTION.

THE COMMISSION IS CONTINUING TO EXPLORE CREATIVE APPROACHES IN BOTH ORGANIZATIONAL AND OPERATIONAL AREAS THAT WILL PRODUCE GREATER EFFICIENCY AND EFFECTIVENESS WITHIN THE AGENCY.

GCRA
GAS-COOLED REACTOR ASSOCIATES
10240 Sorrento Valley Rd. Ste. 300
San Diego, CA 92121-1605
(619) 455-9500

February 17, 1986

Chairman

Honorable Don Fuqua
Chairman, and Members
House Committee on Science
& Technology

Honorable Tom Bevill
Chairman, and Members House
Appropriations Subcommittee
on Energy & Water Dev.

Honorable Morris K. Udall
Chairman, and Members
House Subcommittee on
Energy and Environment

Honorable James A. McClure
Chairman, and Members
Senate Committee on Energy and
Natural Resources

Honorable Mark O. Hatfield
Chairman, and Members Senate
Appropriations Subcommittee on
Energy & Water Dev.

Honorable Alan K. Simpson
Chairman, and Members
Senate Subcommittee on
Nuclear Regulation

Dear Mr. Chairmen:

On behalf of the GCRA utilities and the major private-sector participants in the High Temperature Gas-Cooled Reactor (HTGR) Program, we respectfully submit a Joint Statement in support of the HTGR and sustained Government budget support for FY 1987. We look forward to the upcoming hearings and the occasion to expand upon the basis of our support for the HTGR.

Sincerely,

R. F. Walker

R. F. Walker, President
Public Service Co. of Colorado
Chairman, Gas-Cooled Reactor Associates

Enclosure

cc: Honorable John S. Herrington
Secretary, Department of Energy

Honorable Nunzio J. Palladino
Chairman, Nuclear Regulatory Commission

JOINT PARTICIPANTS' STATEMENT ON THE HTGR PROGRAM TO CONGRESSIONAL OVERSIGHT COMMITTEES

A secure, stable, and economic energy supply is vital to National security and economic well-being. Other developed countries have recognized that nuclear power is an important resource in providing this necessity. In particular, other industrialized countries such as Japan, Germany and France, as well as emerging industrialized countries such as Taiwan and Korea, have undertaken ambitious, sustained nuclear power programs to assure their citizens and industries the advantage of reliable, inexpensive energy; to reduce the constraints of dependence on foreign sources for essential commodities; and to foster their nuclear industries' competitiveness in the international market. Also, the Soviet Union and other industrialized socialist countries are continuing a methodical development and deployment of nuclear power for a broad range of energy applications.

The U.S. is struggling with how to revive its civilian nuclear power resources. Without presuming to offer a panacea, we point out that there is a clear need for stable licensing requirements and less onerous licensing procedures; easily understood and acceptable risks to investors and the public; and plant sizes, invested capital, and construction schedules that are consistent with current load growth and financial realities.

The Modular High Temperature Gas-Cooled Reactor (MHTGR) is well suited to fulfill these needs. Its core size and power density are limited by design such that the ceramic coatings of the fuel particles retain the fission products to an acceptable degree under all licensing basis events, with decay heat removal being accommodated by the passive mechanisms of radiation and conduction. This feature will simplify the overall concept, particularly the licensing and operations activities. In addition, safety related systems and components are minimized and are contained within a compact, standardized nuclear island. Major portions of the nuclear island can be shop fabricated and assembled to nuclear standards, facilitating enhanced quality assurance. The balance of plant is physically separated from the nuclear island and may be manufactured and constructed to conventional fossil plant standards. This will improve productivity, shorten the construction schedule and reduce field erection costs. The nuclear island is composed of independent reactor modules that can be constructed sequentially or as a cluster to more closely match load growth requirements and the utility's financing constraints. This feature will provide added flexibility and reduced financing risk that is most desirable in the current era of uncertainty for U.S. utilities' load growth forecasting.

The MHTGR is also well suited to supply high quality steam, broadening its market through cogeneration or direct steam/heat supply. In addition, the MHTGR has the unique nuclear capability for advancing to closed-cycle, gas turbine and high temperature process heat applications. Further, the MHTGR can be economically deployed on a once-through, low-enriched uranium fuel cycle and converted to fuel recycle and/or high-enriched fuel cycles as economics, facilities and policies warrant. Considering the profound potential contributions to National energy security; the investment to date and the relatively modest added investments that are required; the potential for international cooperation on the remaining development and demonstration as well as the broader international market potential, the Program participants submit that the continued development of the MHTGR is worthy of National commitment.

At the present, the MHTGR is undergoing its initial stage of design and licensing development. As a result of a thorough evaluation effort completed during FY 1985 within the DOE HTGR Program, the 350 MWt prismatic annular core, MHTGR has been established as the reference design for U.S. development and near-term deployment. This concept makes maximum utilization of the HTGR technology, design and demonstration experience established in the U.S. The reference plant design adopts four reactor modules and two steam turbine generators for a nominal output of 550 MWe. The evaluations performed to date indicate the plant design can meet the performance, investment protection and economic requirements established through Gas-Cooled Reactor Associates (GCRA), the utility/user organization that supports the development and commercialization of the HTGR.

Ongoing DOE Program activities should remain focused on the development of the reference design and key technology areas to support the preparation of a Preliminary Safety Information Document by the end of FY 1986 for formal review by the NRC in FY 1987. The goal of that review is the issuance of a licensability statement by the NRC for the MHTGR. That will determine at an early stage whether the NRC accepts the proposed licensing criteria, the supporting safety analyses, and the MHTGR's technology development plan, including a demonstration project. Those results will be essential to the private-sector participants in the development of their commitments to the demonstration and deployment of the MHTGR.

As a complement to the DOE Program, GCRA, with cost sharing support from other industrial participants, has undertaken an initiative to develop a one-module Demonstration Project. Through successful demonstration of the licensing, construction, performance, costs and schedule of such a plant as well as the associated development of an industrial infrastructure, commercial MHTGR plants will become a reality. Estimates to date indicate that such a Demonstration Project, including several years of operation, would cost approximately $700 million ('85 dollars) with an additional $115 million ('85 dollars) required for supporting technology development. Without resource constraints, a Project could begin construction by 1990 and startup in 1994. Initiation of parallel commercial activity would permit commercial units to be deployed by the turn of the century.

Ongoing Project development activities are focused on detailed demonstration requirements and plans, establishment of Project management and supply entities, and the establishment of a Project Strategy Plan that will address cost/risk sharing arrangements. It is recognized and accepted that the key to the success of the Project is the ability of the private-sector participants to raise a significant fraction of the Project funds.

Crucial to the furtherance of any U.S. MHTGR Project initiative is stable Government support of the reference plant design and licensing development as well as the associated technology development that supports both the Project and long-term higher temperature applications. Accordingly, it is respectfully recommended that Congress provide $32 million for continued MHTGR development within DOE's Advanced Reactor Program in FY 1987. In addition, it is recommended that $2 million be provided to the NRC for licensing review activities. While this budget level will not support an aggressive Project schedule, it will sustain the existing resource base and communicate Program stability that will be invaluable for the continued development of the private-sector Project initiative and will foster the prospects for international cooperation. This recommendation is submitted within the context of a balanced, affordable U.S. nuclear strategy that deploys improved light water reactor systems for the near-term and maintains a development program for a long-term nuclear fuel breeder.

This Joint Statement is respectfully submitted to the Congressional Committees with oversight responsibility for the Nation's nuclear power development programs as evidence of the major participants' unified support for and recommendations on the HTGR Program.

JOINT PARTICIPANTS' STATEMENT ON THE HTGR PROGRAM (CONT'D)

R. F. Walker
R. F. Walker, Chairman, President & CEO
Public Service Company of Colorado
Chairman, Gas-Cooled Reactor Assoc.

J. L. Everett
James L. Everett, Chairman & CEO
Philadelphia Electric Company
Vice Chairman, Gas-Cooled Reactor Assoc.

E. A. Adomat
E. A. Adomat, Executive Vice President
Florida Power & Light Company

C. H. Dean
C. H. Dean, Chairman, Board of Directors
Tennessee Valley Authority

J. D. Geist, Chairman, President & CEO
Public Service Company of New Mexico

Girts Krumins
Girts Krumins, President & CEO
Colorado-Ute Electric Association

George A. Maneatis
George A. Maneatis, Exec. Vice President
Facilities & Electric Resources Devel.
and Pres. Elect, Pacific Gas & Electric

Robert J. O'Connor
Robert J. O'Connor, President & CEO
Idaho Power Company

A. J. Pfister, General Manager
Salt River Project

Leroy W. Sinclair
Leroy W. Sinclair, President & COO
New York Power Authority

Harold W. Sonn
Harold W. Sonn, Chairman, President & CEO
Public Service Electric & Gas Company

Jack E. Thomas
Jack E. Thomas, Exec. Vice President
San Diego Gas & Electric Company

James E. Tribble, President & CEO
Yankee Atomic Electric Company

Bernard C. Trueschler, Chairman & CEO
Baltimore Gas & Electric Company

Keith L. Turley
Keith L. Turley, Chairman & CEO
Arizona Public Service Company

K. Dance
K. Dance, President
GA Technologies, Inc.

William C. Drotleff
William C. Drotleff, Vice President
Stone & Webster Engineering Corp.

Donald M. Kerr
Donald M. Kerr, Sr. Vice President
EG&G, Inc.

Donald E. Lyons
Donald E. Lyons, President
Power Systems Group
Combustion Engineering, Inc.

H. H. Wahl
Howard Wahl, Vice President & Director
Bechtel Power Corporation

FISCAL YEAR 1987 BUDGET REVIEW

THURSDAY, FEBRUARY 20, 1986

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The committee met, pursuant to notice, at 10:07 a.m., in room SD-406, Dirksen Senate Office Building, Hon. Robert T. Stafford (chairman of the committee) presiding.

Present: Senators Stafford, Lautenberg, Mitchell, Abdnor, Burdick, and Baucus.

ENVIRONMENTAL PROTECTION AGENCY

OPENING STATEMENT OF HON. ROBERT T. STAFFORD, U.S. SENATOR FROM THE STATE OF VERMONT

Senator STAFFORD. The committee will come to order. As happens all too frequently, I understand that we are competing with the Finance Committee, and since seven members of this committee are also on the Finance Committee, I am not all that surprised that we may have a small attendance at this committee this morning.

I will say, somewhat facetiously, that since the most essential two people are here, myself and Lee Thomas, we will proceed anyway.

Our hearing today will be on the President's EPA budget for fiscal year 1987. I would like to welcome Lee Thomas and the top managers of EPA to our hearing and express, at the outset, our gratitude for the fine cooperation that we have been getting from the Agency in preparing for this year's budget review.

When the budget was released in early February, I was widely quoted as saying that the EPA budget was "not as bad as I feared." It was an accurate quote. That is what I said. Compared to the cuts prepared for many other parts of the Government, the EPA budget is in pretty good shape, and we should certainly all prefer the President's proposal for EPA to the across-the-board cuts that would be forced by the guillotine of Gramm-Rudman if the budget process fails.

But no one should conclude that those comments indicated that this will be an easy year for this committee. I was comparing the EPA proposed budget to my worst fears, not to the best of all worlds. We face many very difficult budgetary questions in the coming weeks. We need to consider an immediate extension of the Superfund Program so that it has the necessary funds to avoid a shutdown.

We are in conference with the House on the amendments to the Clean Water Act, and the most significant differences there appear to be differences over dollars.

The President has proposed a rapid phaseout of the Construction Grants Program, and even the appropriation for 1986 hinges on a successful resolution of the conference.

We have hopes that we will get a reauthorization of the Safe Drinking Water Act, but if we do, it will also add new responsibilities that require support through appropriations to the Agency.

So, it may be a very difficult year, and even if we succeed in resolving the many issues within our jurisdiction, we may still face an across-the-board reduction of as much as 25 percent at the end of the year—that's the fiscal year—if the larger budget process fails to produce a compromise.

I am sure that every member of this committee will make every effort to contribute to a successful budget process this year. There is no doubt that we will be asked to make a significant contribution to deficit reduction. We have in the past. I have made clear that in the case of the Environmental Protection Agency, it is very much in our interest to avoid across-the-board cuts in the Agency's funds. Nevertheless, the purpose of this hearing and our annual budget oversight process is to assure that the Environmental Protection Agency has the financial resources, the people, and the legal authority that is necessary for it to protect the health of our people and the quality of our environment.

Thus, the members of this committee have a difficult balancing job before us, and we expect this hearing to assist us in making some of those tough judgments.

With that, I would welcome any opening statements the members might have when they get here. I see Frank Lautenberg has arrived. Senator Lautenberg, we welcome any opening statements you would care to make.

OPENING STATEMENT OF HON. FRANK R. LAUTENBERG, U.S. SENATOR FROM THE STATE OF NEW JERSEY

Senator Lautenberg. Thanks, Mr. Chairman. I am sorry. Tardiness is not something I like.

Welcome, Lee, we start this meeting with the last one fresh in our memory—I am sure for both of us. I guess it doesn't surprise you when I tell you that I am not pleased with the budget proposal for 1987. The Superfund construction grant requests are far lower than the House and Senate bill. The operating budget is $100 million less than last year's funding.

The CBO analysis done at my request indicates that EPA would need $1.74 million in fiscal year 1987, roughly $356 million more than provided for in your budget, just to have the same purchasing power it had in 1981.

You have increased funding for some programs, but only at the expense of others. And I do not believe that it's sensible to rob Peter to pay Paul. I would have to tell you that despite a bright spot that I would like to mention, the $2.6 million for EPA's Radon Program—I know, Lee, that you took a very strong initiative on that; OMB was not pleased with that—it's still a budget far less than I would like to see.

Mr. Chairman, I would like to submit a statement for the record which discusses these issues in more detail.

Senator **STAFFORD**. Without objection, it will be made a part of the record.

[Senator Lautenberg's statement follows:]

OPENING STATEMENT OF HON. FRANK R. LAUTENBERG, U.S. SENATOR FROM THE STATE OF NEW JERSEY

Thank you, Mr. Chairman.

Welcome back, Lee. Today's hearing is particularly important. The Environmental Protection Agency is responsible for one of the most, if not the most, important mission of any Federal agency: the protection of the lives and the health of every American and the conservation of our natural resources for this generation and future generations as well.

Without adequate resources, you will be unable to carry out this important mission. We need to reduce the nation's budget deficit. But, cutting the EPA budget is a short-sited approach.

Frankly, I am quite disappointed in the budget you have presented. Your funding requests are deficient in each of the three major components of the EPA budget.

The Superfund budget request is for $5.3 billion over 5 years. The Congress has already rejected this proposal. I believe that twice that amount is necessary to increase the pace of cleanup efforts and for EPA to carry out other important functions under the act.

The construction grants request calls for a four year phase out of the program. This proposal was also rejected by the Congress last year. It would erode water quality gains achieved under the Clean Water Act and threaten economic development in communities which need grant assistance to meet Federal water quality requirements. The program we passed last year for funding construction of sewage treatment facilities represents a fair balance between the need for constructing these facilities and budgetary concerns.

Finally, your budget for funding EPA's operating program barely exceeds the funding provided in 1981 and represents a decrease of more than $100 million from the amount appropriated by Congress in fiscal year 1986. According to a Congressional Budget Office analysis done at my request, EPA would need $1.74 billion—$365 million more than provided by our budget—in FY '87 to have the same purchasing power it had in FY '81. While you have increased funding for the hazardous waste program, you have done it at the expense of your other core programs, particularly the water quality program. I don't believe that robbing Peter to pay Paul is an acceptable way for managing the EPA budget.

But there is one bright spot I would like to mention—the inclusion of $2.6 million for radon research and mitigation work. These funds were initially denied by OMB, and only because of a strong personal commitment to this important issue on your behalf was this money included in the Administration's proposal. Radon is a national problem, affecting an estimated six million Americans, and it calls for prompt, effective action. I commend you on your efforts to develop a radon program at EPA, and look forward to continuing to work with you in this important area.

Lee, I have reviewed the budget proposal with one test in mind: Does EPA have the resources it needs to do its job? I believe the answer is no. I encourage you to work closely with this Committee to ensure that EPA is able to fulfill its critical responsibilities.

Thank you, Mr. Chairman.

Senator **LAUTENBERG**. I would like for a moment, Lee, to focus on Superfund. Monday evening you sent us the administration's interim funding proposal. It would extend the existing tax to raise $861 million. But at current tax rates, it would take 3 years to generate those revenues. When we talked last, you offered a suggestion that you'd look for a 1-year extension, but it would take 3 years to fund that 1-year extension. Therefore, what we really wind up with is a 3-year extension.

I am concerned about the political consequence of that kind of an interim funding program. For one thing, on the eve, Mr. Chairman, of what we hope will be a productive Superfund conference, it would take the pressure off Congress and the President to really develop an expanded, strengthened, 5-year Superfund Program, and we don't want to do that because that is not an acceptable arrangement. It would also make it very easy, I think, for the President to veto any Superfund bill sent him by the Congress, something he has already threatened to do.

Instead, I think what we ought to do is work on a more limited interim funding measure just to provide enough funds to keep pressure on the conference and just enough to put off the shutdown that you are about to initiate. This type of measure, I think, would protect the integrity of the program and would stabilize the view of personnel. I expressed my concerns about the well-being of those who need these jobs, who plan their careers around EPA's and Superfund's functioning. I think at the same time we would be able to, at least, indicate to reliable contractors that we are going to keep continual relationships.

I would like to kind of walk that fine line, keeping pressure on the Congress, sending a message to the staff which has an expertise that would be awfully hard to duplicate, and at the same time not to get ourselves into too long an interim period.

I introduced a bill last December which was designed to cover this shorter interim period. The administration declined to support it. I hope that you will reconsider.

We had expected your proposal several weeks ago, and it has been delayed in getting to us. In turn, then, I make this specific request of you. However you do it—and you provide talented management at EPA—don't move ahead with this shutdown until the Superfund conference starts and we can consider a sensible interim funding proposal. That means do not initiate the furloughing of EPA employees, it means not terminating existing contracts, if possible—and you would have to use some fairly clever planning to do that with the funding that's left available.

I would not like to see an organization that has the capacity to do the job destroyed. We have just a few more weeks to resolve the situation. We need the administration to work actively with us to enact a new Superfund Program now, not 3 years from now.

Tuesday, we met with Secretary Baker and the Budget Committee, he told me that the administration was not prepared to work with a conferees' decision on a financing mechanism any higher than the $5.3 million, 5-year program.

Today, I sent him a letter asking him to reconsider this posture because in the budget message it said that specific requests sent by the Congress would be reviewed. We have, as you very well know, a $7.5 billion proposal on our side, a $10 billion proposal from the House, and I think it would be awfully tough to ignore the decisions that were made on the floors of these respective bodies, and overwhelmingly in each case.

Mr. Chairman, I ask consent that the letter that I sent to Mr. Baker be inserted in the record.

Senator Stafford. Without objection it will be.

[The letter follows:]

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC, February 20, 1986.

Hon. JAMES A. BAKER, III,
U.S. Department of the Treasury
Washington, DC.

DEAR SECRETARY BAKER: I am concerned about your characterization at yesterday's Budget Committee hearing of the Administration's position on pending Superfund legislation. In amplifying on the Administration's FY87 budget message to Congress, you appeared to indicate that the Administration is unlikely to play an active role in breaking the current deadlock over a Superfund taxing mechanism.

The fate of the Superfund program rests largely on a resolution of the debate over the mechanism for financing a renewed and expanded Superfund program. Soon the Administrator of the Environmental Protection Agency will initiate the process of furloughing 1,500 Superfund employees and terminating contracts with eight major contractors, resulting in the layoff of 350 private sector employees and disruption of ongoing cleanup efforts. Yet the President has offered little help in resolving the deadlock. His FY87 budget message did not take account of congressional action of Superfund legislation, and he has indicated a predisposition to veto either the broad-based tax approved by the Senate or the increase in feedstock and petroleum taxes approved by the House of Representatives.

As you know, the Senate and House approved Superfund bills authorize taxes at the $7.5 billion and $10 billion levels, respectively. There is little disagreement in Congress that this is the appropriate range at which to fund the Superfund program. In fact, an amendment offered in the Senate to reduce taxing authority to the Administration's recommended funding level of $5.3 billion was soundly defeated. While differences exist between programmatic provisions in the Senate and House Superfund bills, in fact the differences in approach to financing the Trust Fund in the two bills appear far more controversial and intractable than the programmatic differences.

Your suggestion at the Budget Committee that the Administration will not work with the Congress to develop a financing mechanism to raise more than $5.3 billion for the Fund heightens my concern that we may be heading inevitably toward a shutdown of the program. A shutdown of the program would cause irreparable damage to its integrity, core personnel and the pool of private sector contractors available for cleanup actions. While the ultimate responsibility for reauthorization of the program lies with Congress, the Administration is not powerless in this debate. Indeed, its cooperation and posture will be critical to a timely extension of Superfund.

The inability of the Congress and the Administration to work together on an acceptable Superfund taxing mechanism last year resulted in delayed consideration of this legislation. When it was clear that reauthorization of the program in 1985 was beyond our reach, the Administration declined to support an interim funding measure to avoid a shutdown of the program.

This year, as the House-Senate Superfund conference begins, I urge you to work actively with the conferees on developing a financing mechanism for the program. A constructive contribution by the Administration to this debate, consistent with Congressional intent, could largely determine whether a strong and effective Superfund program is put in place over the next few months, or the program dies.

Sincerely,

FRANK R. LAUTENBERG.

Senator LAUTENBERG. Just a short paragraph more, if I might. That is that the harsh attitude demonstrated by the administration has contributed to the problems we face today. A constructive role by EPA and Treasury can make a huge difference in the way our conference proceeds. We've seen for the first time a willingness by the American public to pay for cleanups. A very high percentage, some 60 percent, said that not only do they want a cleaner environment, but they're willing to pay for it, which puts teeth in it.

So, this is an opportunity, I think, to deliver on that kind of a request, and we will need your help, Lee. I hope we get it.

I thank you, Mr. Chairman.

Senator STAFFORD. Thank you very much, Senator.

At this point in the record, without objection, I am going to place a statement by Senator Chafee, who had to go to Rhode Island to attend a funeral.

[Senator Chafee's statement follows:]

OPENING STATEMENT OF HON. JOHN H. CHAFEE, U.S. SENATOR FROM THE STATE OF RHODE ISLAND

Mr. Chairman, given the current state of affairs around here and the almost universally recognized need to reduce Federal spending, the total numbers that have been proposed by the President for EPA look, at first blush, to be within reason. However, when you look at the details, you find significant policy choices that I for one cannot accept.

For example, the OMB passback suggests that a decision has already been made to ignore the significance of chlorofluorocarbons [CFC's] and their role in the greenhouse effect. This is unacceptable.

We cannot afford to close our eyes to this problem and to continue what is, in effect, a huge "experiment" where earth is being used as the laboratory. If anything, we need to step up our efforts in this area. More work needs to be done in both the domestic and international arenas to get a handle on this global problem before it is too late.

Two other examples of important policy decisions have to do with Superfund and the clean water construction grants program. The numbers being proposed assume policy choices and positions that this committee and the Senate as a whole have already rejected. The Superfund numbers are based on a $5.3 billion, 5-year program, a number already rejected by Congress as being too low. Similarly, the $1.8 billion construction grants proposal is based on the administration's proposal to phase out the program at a pace that we have firmly decided is unrealistic and inappropriate.

Yet another example is the $50 million asbestos-in-schools grants and loan program that we enacted less than 2 years ago. A proposal to zero out a loan program that helps eliminate a direct threat to the health of school children makes no sense.

What makes all this particulary disturbing is the fact that these proposals are being made while, at the same time, the Agency is wasting money on consultants to develop regulatory programs that are inconsistent with congressional directives. I am referring specifically to EPA's recent proposal on land disposal restrictions under RCRA. That proposal will be the subject of a separate hearing on Monday afternoon.

Mr. Chairman, it is incumbent upon all of us to remember that this is not simply a numbers game. The numbers represent specific, important policy choices.

Although we are told that the President's budget proposal will meet the deficit targets set in the law, we should not consider ourselves bound by the numbers set forth for EPA. It is conceivable that Congress can develop a budget that meets the deficit targets and provides additional funds for EPA. This could be done by, for example, modifying the proposed budget for the Department of Defense, or by cutting out below-cost timber sales.

Yes; we need to reduce spending but decisions on how and where to reduce spending cannot be made in the vacuum of only one agency's budget of one committee's jurisdiction. There comes a point where we are no longer cutting fat but have reached muscle and possibly even bone. I fear we may have reached that point with EPA. What is at stake is the Agency's ability to carry out the responsibilities that have been assigned to it by Congress.

Senator **STAFFORD**. Senator Baucus, I guess you were the next one to arrive. Do you have any opening statements you would care to make?

Senator **BAUCUS**. Later, Mr. Chairman.

Senator **STAFFORD**. All right.

Senator **BAUCUS**. Thank you very much.

Senator **STAFFORD**. Senator Mitchell.

Senator **MITCHELL**. I have a statement, Mr. Chairman, but in the interest of time, I will put it in the record.

Senator **STAFFORD**. All right. Without objection, it will be placed in the record.

[Senator Mitchell's statement follows:]

OPENING STATEMENT OF HON. GEORGE J. MITCHELL, U.S. SENATOR FROM THE STATE OF MAINE

I welcome this opportunity to review the proposed fiscal year 1987 budget for the Environmental Protection Agency.

While the total EPA budget of over $4 billion is not large by Federal standards, the programs and projects implemented by the EPA are of vital importance. We rely on these programs to protect public health and to assure the chemical and biological integrity of air, land, and water.

Time and again we see in public opinion polls that Americans rank protection of the environment as one of the major responsibilities of government. The great majority of Americans recognize that effective environmental programs cost money and they are willing to provide the resources necessary to run these programs.

My meetings with the citizens of Maine confirm these poll results. In the past several weeks, I have attended a series of hearings in Maine on the subject of nuclear waste disposal. At these meetings, I was reminded of the deep respect people in Maine, and people around the country, have for the integrity of the environment and the determination they feel about the need to protect our environment for ourselves and for future generations.

Since I first joined this committee, I have attended some half dozen of these annual hearings to review the EPA budget. The general trend over this time has been a gradual reduction in funding for our environmental programs.

While funding of $1.3 billion for the operating portion of EPA's budget for fiscal year 1987 is roughly the same level as in fiscal year 1981, the purchasing power of the funds has declined as a result of inflation. The inflation adjusted value of today's proposed operating budget is only about $1.1 billion.

Not only does our environmental dollar have to stretch to cover inflation, that same dollar has to stretch to cover new programs and initiatives, such as the RCRA amendments recently passed by Congress.

Trying to stretch the much overworked environmental dollar to cover all the EPA's responsibilities causes several problems.

First, our traditional programs to protect air and water don't just hold their ground. They lose ground to inflation and they lose ground again as resources are transferred within the Agency from these traditional programs to the newer toxic and hazardous waste programs.

Let me offer just one example of this problem. Under the President's budget, water quality program funding is cut from $257 million in fiscal year 1986 to $218 million in fiscal year 1987, a cut of $39 million. Over 100 employee work-years are eliminated. What programs are affected by these cuts? Some 46 positions are cut from wastewater treatment programs; 20 from water standard development; 12 from water permit insurance, 10 from water research and development, 8 from enforcement.

A second problem with strectching the environmental dollar is that newer programs are starved for resources needed to assure complete and prompt implementation and protection of the environment. The hazardous waste and toxic substance programs fall into this category.

This general erosion of the resources needed to protect our environment undermines the effectiveness of all these programs and is directly counter to the clearly stated expectations of the great majority of Americans.

When this concern has been raised in previous budget hearings, Mr. Thomas or his predecessors offered various explanations of how we can keep stretching the environmental dollar without losing the effectiveness and completeness of our program. So-called fat was cut out of the budget, some projects were finished off freeing up funds, and management reforms had generated savings.

While I accept that some savings were made, I do not believe we can keep stretching the same environmental dollar and still do an adequate job of both maintaining our traditional environmental programs and developing badly needed programs.

I recognize that Mr. Thomas is under strict constraints with regard to his budget proposals. Nevertheless, I want to make clear to this committee, to my colleagues, to the President, and to the public that I oppose this budget. It is simply not adequate to meet this country's basic need for environmental protection. And, it cannot provide the first rate environmental programs that the American people expect and deserve.

Thank you, Mr. Chairman.

Senator **Stafford**. The Chair will reserve, if there is no objection, the right of Senators who cannot be here at this time to place their opening statements in the record.

Without further ado, Mr. Thomas, we would be very happy to hear your opening statement.

STATEMENT OF HON. LEE M. THOMAS, ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY, ACCOMPANIED BY JIM BARNES, DEPUTY ADMINISTRATOR; HOWARD MESSNER, ASSISTANT ADMINISTRATOR FOR ADMINISTRATION AND RESOURCES MANAGEMENT; MORGAN KINGHORN, COMPTROLLER, EPA; COURTNEY RIORDAN, DIRECTOR, OFFICE OF ACID DEPOSITION, ENVIRONMENTAL MONITORING, AND QUALITY ASSURANCE, OFFICE OF RESEARCH AND DEVELOPMENT; RICHARD H. MAYS, SENIOR ENFORCEMENT COUNSEL, OFFICE OF ENFORCEMENT AND COMPLIANCE MONITORING; FRANCIS BLAKE, GENERAL COUNSEL; MILTON RUSSELL, ASSISTANT ADMINISTRATOR FOR POLICY, PLANNING, AND EVALUATION; JENIFER JOY MANSON, ASSISTANT ADMINISTRATOR FOR EXTERNAL AFFAIRS; JOHN C. MARTIN, INSPECTOR GENERAL; LAWRENCE J. JENSEN, ASSISTANT ADMINISTRATOR FOR WATER; J. WINSTON PORTER, ASSISTANT ADMINISTRATOR FOR SOLID WASTE AND EMERGENCY RESPONSE; J. CRAIG POTTER, ASSISTANT ADMINISTRATOR FOR AIR AND RADIATION; AND VICTOR J. KIMM, DEPUTY ASSISTANT ADMINISTRATOR FOR PESTICIDES AND TOXIC SUBSTANCES

Mr. **Thomas**. Thank you, Mr. Chairman, members of the committee. It's a pleasure for me to be here today with members of my staff. At the table with me on my right is Jim Barnes, who is the Deputy Administrator of EPA; Howard Messner, who is the Assistant Administrator for Administration and Resources Management. On my left is Morgan Kinghorn, who is our Comptroller.

The other assistant administrators are seated behind me, and I thought as we went into the question-and-answer period, they will assist me in responding to questions. If we get into a particular issue, we may want to ask one of them to come to the table with us and respond in some depth. We have our senior managers here today to respond as best we can to the issues that you would like us to.

I would like to make a brief opening statement so we can reserve as much time as possible for your questions.

I feel that the budget we have submitted for 1987 is a strong one for EPA, considering the gains that the Agency has made over the last several years in its budget, both in terms of dollars and personnel. We've maintained those gains, and we've requested increases in some programs.

It also reflects, I feel, overall changes within the Agency as we deal with emerging issues, new priorities, and as we respond to statutory requirements. It also reflects, frankly, the deficit reduction measures passed by Congress last year.

Both the 1986 figures, which you will see here, which are entitled "Current Estimate," reflect the 4.3-percent reduction that we took across the board this year.

They also reflect for 1987 the $144 billion deficit target which the President instructed us to meet as a part of the budget process and as a part of the overall requirements of the Deficit Reduction Act when he submitted his budget to Congress.

It is within the context of the Deficit Reduction Act that both the 1986 and the 1987 numbers are presented today.

I brought some charts; what I would like to do is walk through those charts with you as an overview as opposed to reading a prepared statement.

I have a prepared statement which I would submit for the record.

Senator **Stafford**. Without objection, we will place the entire opening statement in the record. (See p. 156.)

Mr. **Thomas**. The first chart reflects 1985 final obligations, the 1986 current estimate, and the 1987 President's budget for the agency operating programs and Superfund.

Senator **Lautenberg**. We are looking at the I chart. You don't have copies of that?

Mr. **Thomas**. Yes; we do have copies.

They're distributing them right now, Senator.

Senator **Lautenberg**. Yes; that would make it a little bit easier.

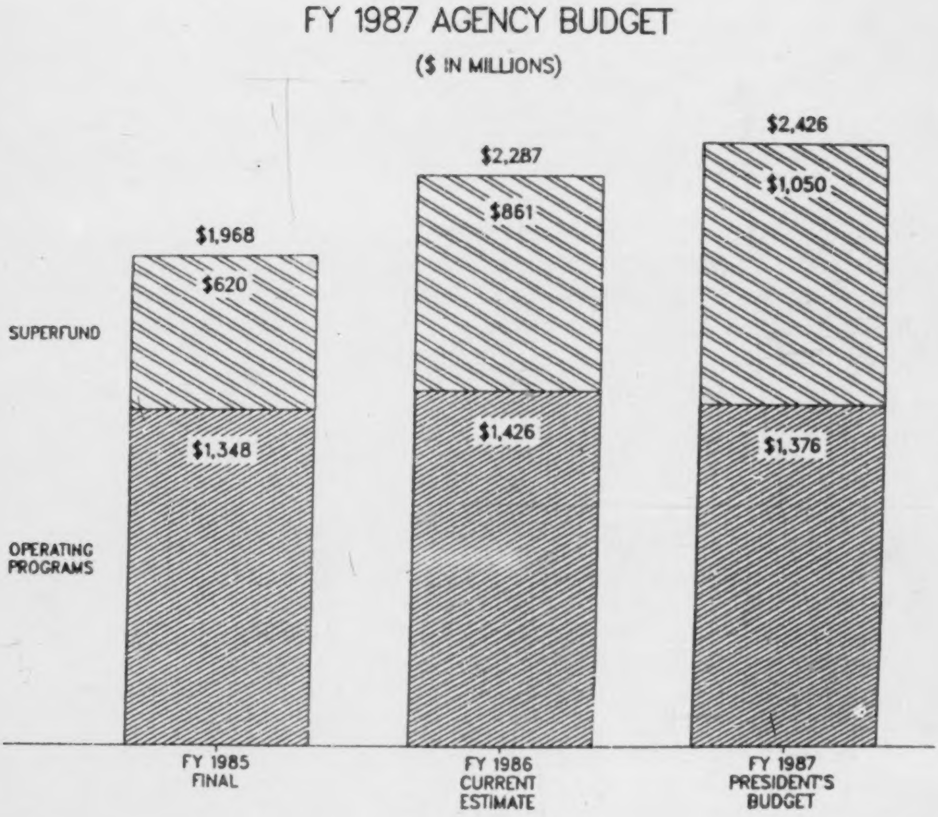
Mr. **Thomas**. Certainly.

This chart reflects that the request in 1987 for the Superfund Program is an increase of about $200 million. It's consistent with the presentations I have made over the last couple of years to this committee for the growth in the Superfund Program that we had recommended to keep pace with the program that we put in place a couple of years ago.

I will get into that in a little more detail and also respond, I think, to some of the issues that you raised, Senator Lautenberg, about Superfund, which I agree with you are very important for us to talk about today.

The bottom part of the chart reflects the overall operating budget for the Agency. As you can see, there is a slight increase in the request for 1987 over where we ended in 1985, a slight decrease if you look at where we are in 1986, but basically the operating budget reflects a continuation of the momentum that we have achieved over the last several years in the growth of the Agency's budget.

EXHIBIT I



Mr. THOMAS. Now, turning to the second chart, you will see the third major part of the Agency's budget, which is the construction grants program. In 1985, the construction grant program, as you know, was $2.4 billion. In 1986, we requested $2.4 billion. The 4.3-percent reduction took us down a little bit. You have appropriated a little less than $600 million, and $1.8 billion is contingent upon reauthorization of the Clean Water Act.

In our 1987 budget we indicated that we will submit, in a supplemental budget, a $1.8 billion request to fund reauthorization of the Clean Water Act for construction grants. That $1.8 billion is built into all of OMB's budget assumptions, as it relates to the Deficit Reduction Act. Since it is incorporated and we are prepared to submit, as the President indicated in his budget, a request, as soon as the Clean Water Act is reauthorized.

Senator BAUCUS. Mr. Chairman, may I ask, are you speaking in constant or current dollars now?

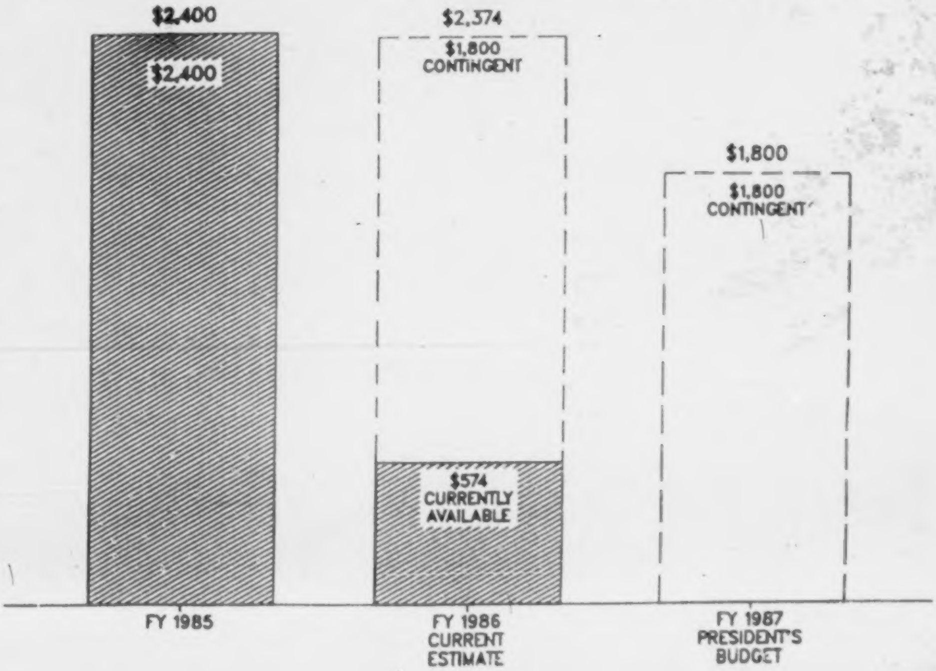
Mr. THOMAS. Current dollars.

Senator BAUCUS. Thank you.

Mr. THOMAS. The $1.8 billion is consistent with the phaseout recommendation we made last year for the construction grant program. If you recall, we had recommended $2.4 billion for this year,

$1.8 billion for next year, and on down for a 4-year phaseout program.

EXHIBIT II



ADDITIONAL FUNDING FOR THE CONSTRUCTION GRANTS PROGRAM WILL BE REQUESTED PENDING APPROPRIATE REFORM LEGISLATION

($ IN MILLIONS)

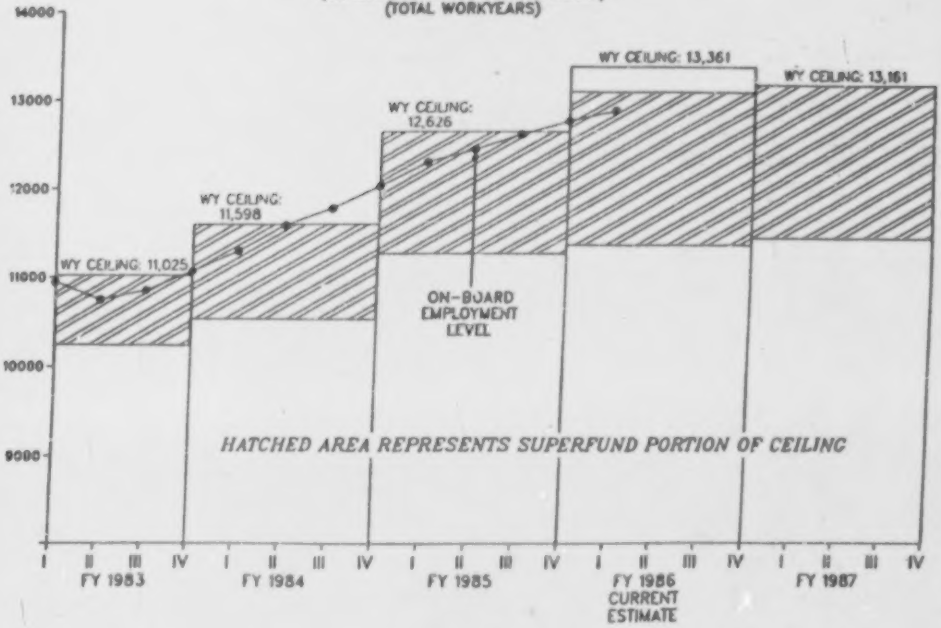
Mr THOMAS. Moving then to the broader overview of where we end up, the third chart looks back from 1983 to the 1987 budget. First, overall staffing for the Agency, the white portion of the graph, represents the operating budgets of the Agency and the hatched area represents Superfund. I think it's important to break those two things out because Superfund has grown so dramatically over the last several years. I want you to see how both parts of the Agency's budget compare.

You can see that Agency personnel have increased over the last several years in both programs. As a matter of fact, in 1987 it represents an increase in the operating part of the budget that will be maintained in the 1987 budget. The Superfund part continues with another slight increase as we move on toward the accelerated pace we had projected several years ago.

EXHIBIT III

IN FY 1987 THE AGENCY'S TOTAL CEILING WILL REMAIN RELATIVELY STABLE

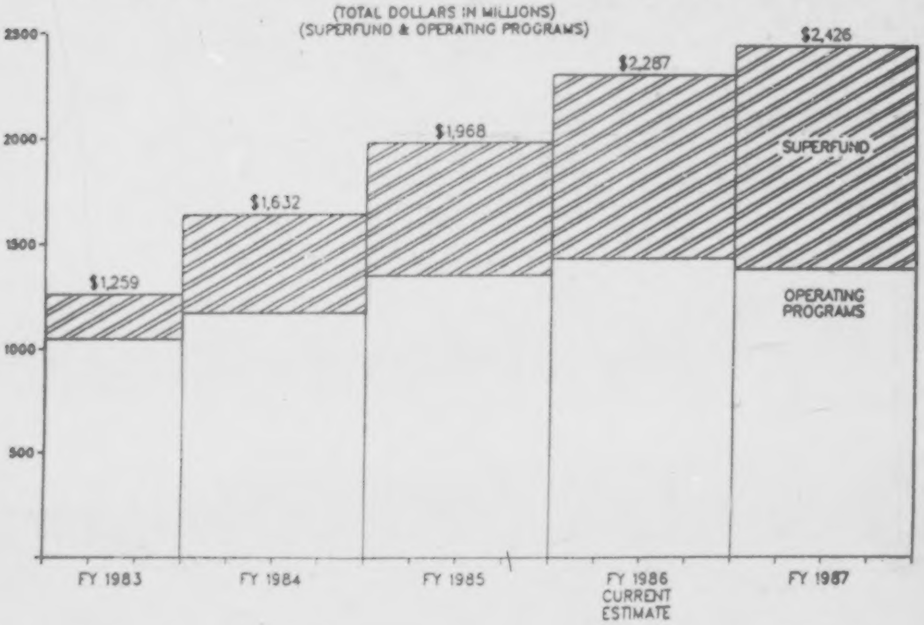
(SUPERUND & OPERATING PROGRAMS)
(TOTAL WORKYEARS)



Mr. THOMAS. Moving to the fourth chart, you look at the overview as far as dollars are concerned. Again, you see the same thing, the increase over the last 4 or 5 years continuing into 1987. Again, with the increase in Superfund that I indicated, a little less than $200 million. The operating programs are maintained at about the level that we're operating at in 1986.

EXHIBIT IV

SINCE FY 1983, THE AGENCY'S BUDGET FOR SUPERFUND AND THE OPERATING PROGRAMS WILL HAVE ALMOST DOUBLED



Mr. THOMAS. Now, as I indicated, this budget is in the context of Gramm-Rudman-Hollings both for 1986, a 4.3-percent reduction, and 1987, a $144 billion deficit target.

So if this budget is enacted, it would be consistent with the overall deficit target that the President was using under the Deficit Reduction Act, and as Senator Stafford indicated, we would not be faced with the across-the-board sequestration process if the President's budget is sustained.

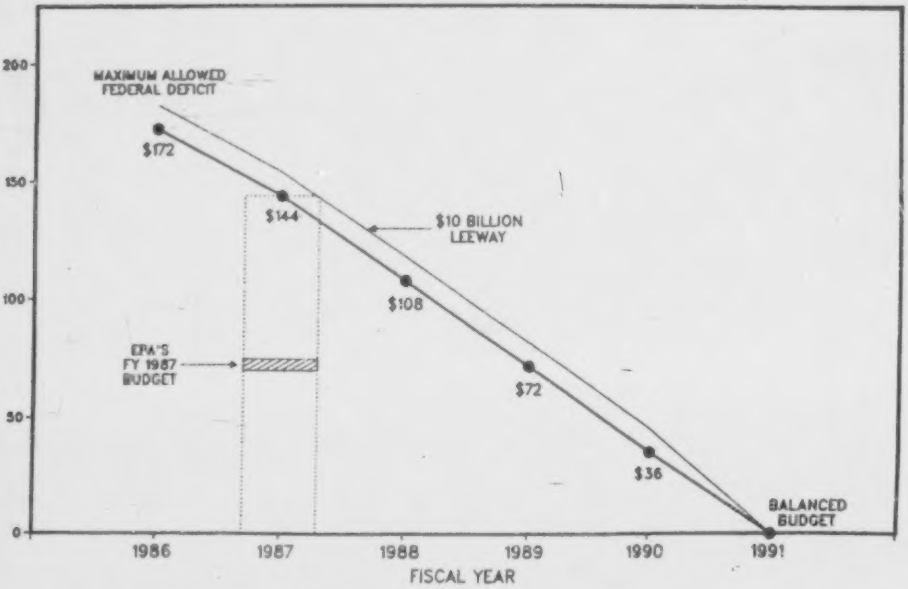
For 1986, the 4.3-percent reduction I think was an example to us of what would happen if we got that across-the-board process. The end result was that we found that it went all the way down to the program element level in the agency, which is about 260 program elements, with every one being required to take the same 4.3-percent reduction. Management had very little flexibility to look at priorities and programs, to take those cuts in a fashion that made more management sense or more environmental sense. Rather, the cuts were across the board down through the Agency.

Even with that, I think, in 1986 we can sustain that reduction and continue to operate strong programs. In 1987 we've maintained a strong budget, I believe, even in the context of the deficit targets that we were trying to reach.

EXHIBIT V

THE PRESIDENT'S FY 1987 REQUEST FOR EPA IS CONTAINED WITHIN THE $144 BILLION DEFICIT TARGET FOR FY 1987

($ IN BILLIONS)



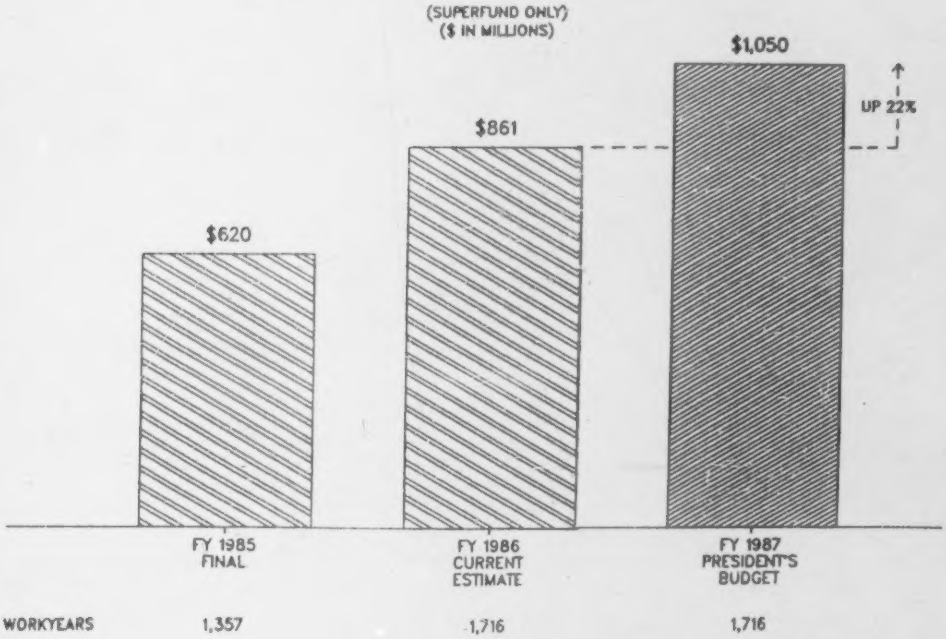
Mr. THOMAS. Now, let's turn to a couple of individual components. The Superfund component, the increase from 1986 to 1987, was incorporated into the budget with full knowledge that you're working hard to complete reauthorization of Superfund, which we fully support and with full knowledge that when you complete the reauthorization process, we're going to have to look at our budget request in the context of a new law, just as we did when RCRA was reauthorized 1 year ago.

It may well mean that what we've got in this budget request is going to have to be revised. The $1.05 billion figure I have got here is consistent with the proposal that we made to Congress for the Superfund Program and the proposal that I have been talking to you about over the last couple of years. It is, however, a number that we recognize may have to change when the reauthorization process is completed.

The important point I would like to make, though, is that we want to return as quickly as we can to the momentum we established over the last 3 years in getting sites cleaned up. The $861 million is the money you have already appropriated for Superfund this year. I just can't spend it yet because you haven't finished the reauthorization. It would allow us, however, to get the program back on the accelerated track that we've had it on the last several years.

EXHIBIT VI

IN FY 1987, THE AGENCY'S SUPERFUND REQUEST WILL EXCEED $1 BILLION, AN INCREASE OF $189 MILLION OVER THE FY 1986 CURRENT ESTIMATE

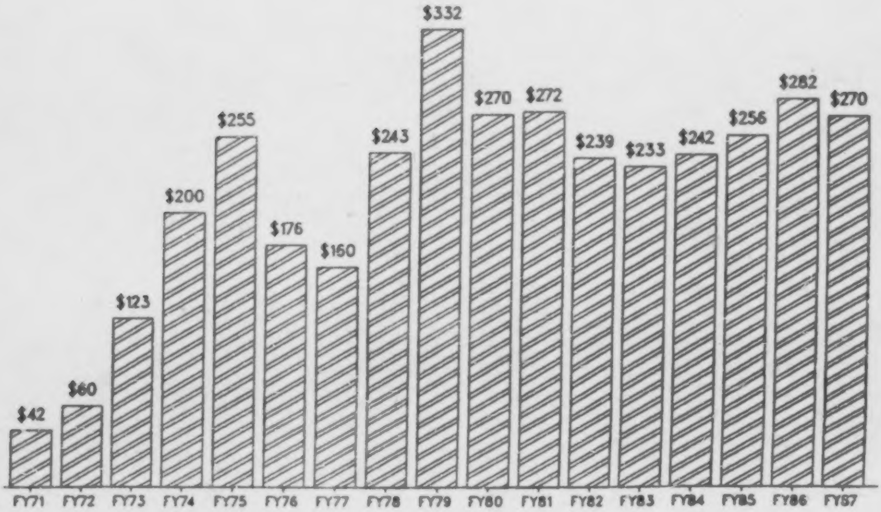


Mr. THOMAS. Turning to the next major element of the program, the State grant program. Obviously, the States are major partners in carrying out our programs. State grants are a critical part of the overall budget; and the 1987 budget reflects a slight decrease from 1986 but maintains what we feel is a strong State program. Within that $270 million there are some increases, there are some decreases, just as there are in our overall budget, which is largely reflective of environmental priorities and statutory priorities.

EXHIBIT VII

STATE GRANTS REMAIN RELATIVELY STABLE

(STATE GRANTS IN MILLIONS)



Mr. THOMAS. The next major element I will mention is the other part of the Hazardous Waste Program which is RCRA. As you know, if you look back beyond 1985, this program has grown rapidly. It particularly grew with reauthorization of RCRA. It actually began a substantial increase before that as we began to build up the enforcement component. In 1987 we put additional dollars and additional personnel into the RCRA Program, trying to insure not only a strong program but insure compliance with the kind of requirements you incorporated into the statute, last year.

Senator LAUTENBERG. Just a question for clarification. The work-year figure is changed to 20 work-years in there.

Mr. THOMAS. That's correct.

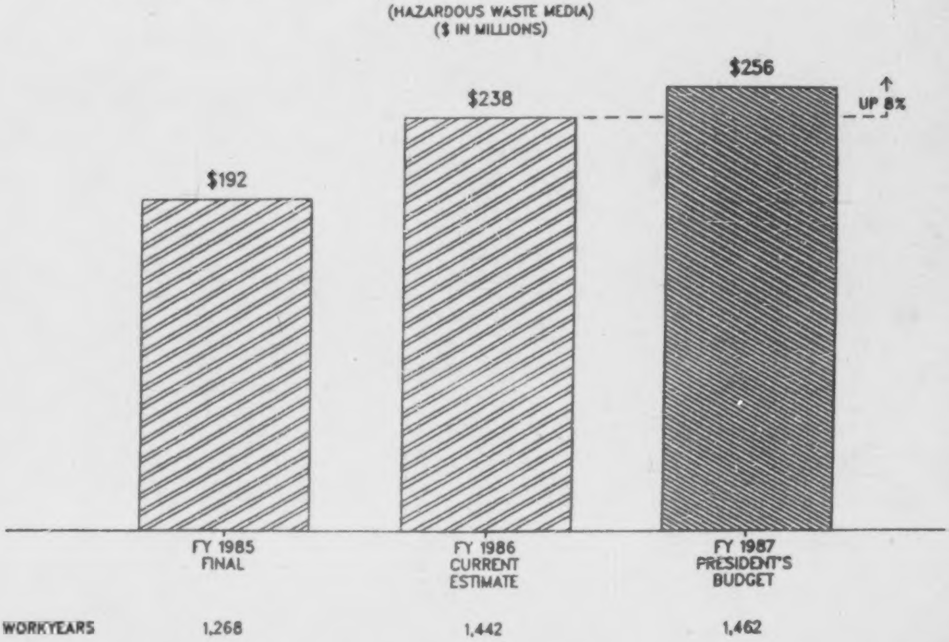
Senator LAUTENBERG. And that's with an increase in a budget of $18 million were this to hold?

Mr. THOMAS. That's correct.

Senator LAUTENBERG. $18 million for 20 work-years?

Mr. THOMAS. No, sir; most of the money is for contracts that support regulation development.

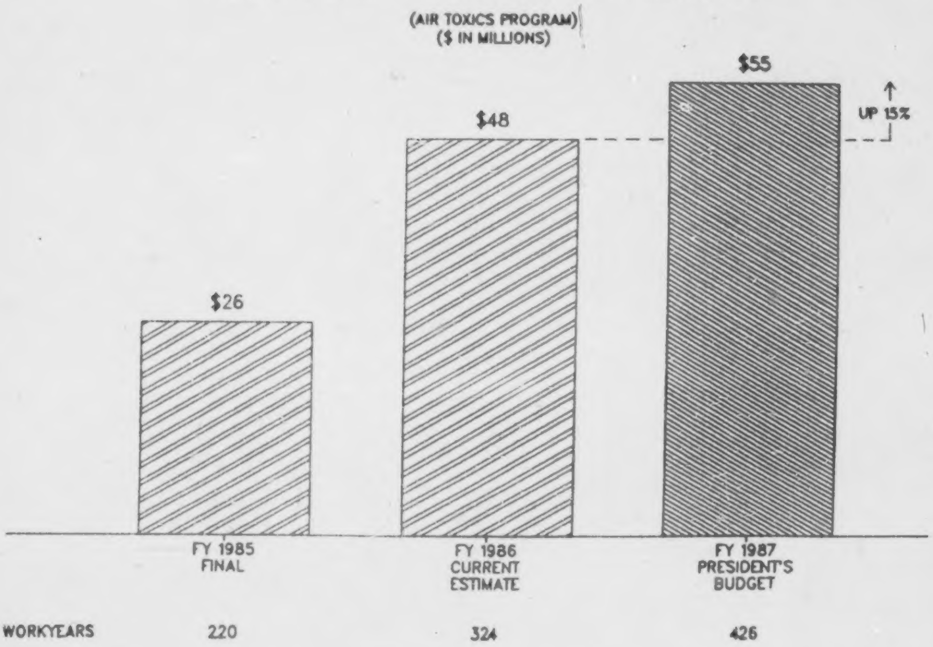
EXHIBIT VIII



DESPITE OVERALL RESOURCE CONSTRAINTS IN FY 1987, WE HAVE INCREASED OUR HAZARDOUS WASTE PROGRAM BY $18 MILLION AND 20 WORKYEARS OVER THE FY 1986 CURRENT ESTIMATE

Mr. THOMAS. The next major element I would like to mention is the Air Toxics Program. Toxic air pollutants are a major concern of yours and ours. We've developed an overall air toxics strategy, and as the 1987 budget reflects, we've continued to increase support to implement that strategy. The budget that you appropriated for this year sustained and increased the resources that we had requested for air toxics. On both the regulatory side and the emergency preparedness side there are significant increases both in terms of dollars and personnel for air toxics.

EXHIBIT IX



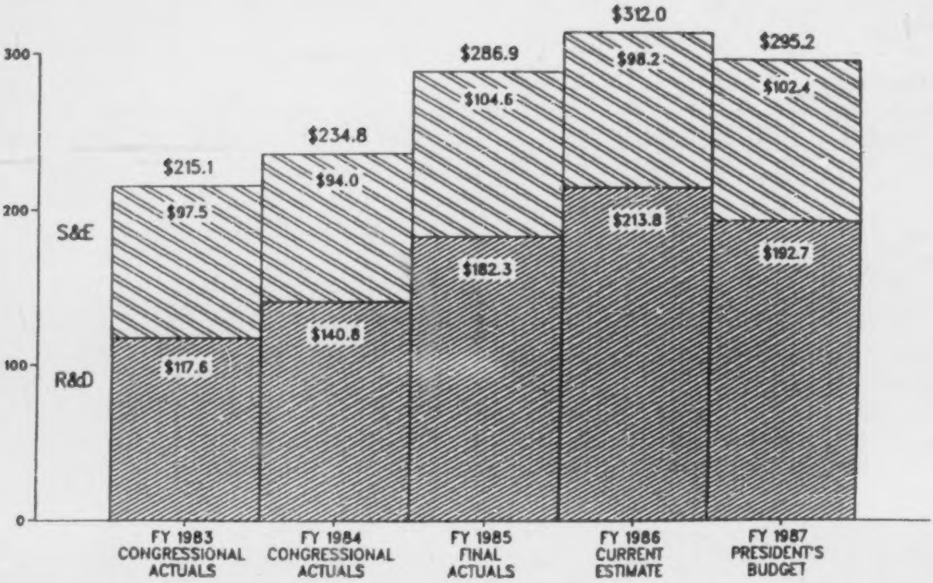
IN ADDITION, THE AGENCY'S FY 1987 AIR TOXICS PROGRAM WILL INCREASE BY $7 MILLION AND 102 WORKYEARS ABOVE THE FY 1986 CURRENT ESTIMATE

Mr. THOMAS. The research budget for the Agency reflects two things. It reflects stability with a slight decrease from 1986 reflecting the completion of research efforts and some modification of priorities. It also reflects an intent on our part to strengthen the internal research and development capability within the Agency. As you can see, the top part of the 10th chart, reflects intramural funding as opposed to the larger part which reflects extramural funding, grows in 1987 over 1986.

EXHIBIT X

THE FY 1987 ORD BUDGET REFLECTS A STABILIZED RESOURCE BASE FOR THE AGENCY'S RESEARCH AND DEVELOPMENT PROGRAM

($ IN MILLIONS: EXCLUDES SUPERFUND RESEARCH)



Mr. THOMAS. I would conclude by saying that I feel the 1987 budget is a solid budget given the context within which it is being submitted to you. I think that it will allow us to meet the challenges that are emerging, challenges like the air toxics challenge that we've recognized over the last several years, while maintaining basic programs, basic programs that actually dominate our budget. These programs include insuring compliance with the 1988 deadlines under the Clean Water Act, and insuring compliance with the 1987 deadlines under the Clean Air Act for ozone.

If you look within the budget, you will find most of the resources are in those basic programs but we also reflect new challenges.

Second, I think we can meet statutory responsibilities and many deadlines, which you have incorporated in statutes as well as other things, and deal with emerging problems. This budget reflects the strategy we developed for dealing with radon. As you recall, in our last hearing, Senator Mitchell specifically talked with us about radon. We talked about the fact that we needed to get on top of the radon problem. We feel this budget reflects an effort on our part to do that.

It also reflects an effort on the part of the administration to come to grips with indoor air. It also reflects an effort to deal with other issues which we've talked about in other hearings and, I am sure, we'll talk about today. So it deals with emerging problems.

It also reflects a strong commitment to the States for their part of the environmental protection effort that we're all here about. It incorporates a concept that we want to look at this year of a consolidated grant. I don't think a consolidated grant is any kind of panacea for some of the issues that State people face when they look at individual grant programs.

As you know, I have managed a lot of State grant programs as a State program director. I have managed State block grant programs and I have managed categorical programs that come from the Federal Government.

I do think, however, there is potential in looking at a consolidated grant for environmental payoff and administrative benefit. I want us to look at it with the States, determine whether that payoff is such that we ought to come forward with a proposal to you. If it is, I will come forward with a proposal. It's a process we can talk more about. It's a process that will involve our personnel and State personnel looking hard at the issues. There are pros and cons to it, and I want to weigh them all before we come forward with a proposal for you to take a look at.

Finally, it reflects the program that we submitted last year for the construction grant program. A 4-year phaseout. As Senator Lautenberg indicated, he doesn't think that reflects what the House and Senate have done in Clean Water Act reauthorization. We still feel our proposed budget reflects reality as far as deficit reduction is concerned, that reflects what the administration feels is the appropriate level of funding, while supporting the commitment we made to the States last year with our phaseout plan.

So, in conclusion, Mr. Chairman, I welcome the opportunity to come to you with my staff today and talk about our 1987 budget or our 1986 budget or our 1-year extension proposal for Superfund or other questions that the committee members may have.

Senator STAFFORD. Thank you very much, Mr. Thomas.

Since there are four of us here, I would suggest to my colleagues that we have a first round of 10 minutes each, if that's agreeable. Is that agreeable? I see affirmative nods, so the Chair will assume it is.

Senator MITCHELL. The chairman's word is agreeable to us, Mr. Chairman.

Senator STAFFORD. All right.

Mr. Thomas, on Tuesday the committee received the official request from the administration for a short-term extension of the Superfund Program. You proposed that $861 million be made available for fiscal year 1986. Some oppose such an extension on the ground it would take the pressure off Congress to pass a comprehensive long-term extension.

If we were to pass the administration bill, what pressure would remain on Congress? Would you do the same with the $861 million that you did last August; that is, when the October 1 deadline approached, would you set aside enough money to keep the program running at a slow pace for 6 or 9 months?

Mr. THOMAS. Mr. Chairman, I happened to be one of those pressure fellows up until a month or so ago. As you know, when we had our hearing a few weeks ago, we talked about that.

The proposal that we submitted is basically consistent with the discussion that Senator Mitchell and I were having in the session a couple of weeks ago. I would carry forward with that proposal the way I discussed then. That is what I proposed was an extension that was as simple as I could come up with—or, let me say, as noncontroversial as I could come up with. I would simply extend the current tax program, not raise them, not come up with new ones, just extend the current one.

The authority to borrow the money from general revenue that we would need to run at the level you appropriated and that we requested for this year is $861 million, with, as I stated in my cover letter, full endorsement for getting the full, final reauthorization completed.

My full intent and plan for the $861 million would be to run the program that we had planned, which was to get the program back on track. New starts would go back on line; all the designs, construction, and engineering studies that we've got on hold, as we talked about the other day, would go back on line.

We would run the program at the $861 million pace, which gets it back up to the speed we've been running at for the last couple of years, the accelerated program. I anticipate it would last for 1 year.

Now, by having that amount of money, we would be able to get it back up to speed so that when you complete the full reauthorization—if it's in 1 month, 2 months, 6 months, 9 months—we would have that program running where we had it running last August and we would have moved back to the pace that we all want it running.

That's our intent. It is not to try to string this out. The 3-year extension on taxes, Senator Lautenberg, was an effort on our part to merely come forward with a taxing mechanism that was not a controversial taxing mechanism. It was one that would just allow an extension and a payback.

The limit in the bill is that we can only get $861 million. My anticipation would be that you wouldn't use the feedstock tax to pay that money back. My anticipation would be that you will pass a full reauthorization and pay that back a lot sooner than 3 years. You'll pay it back through an increased taxing mechanism that you're going to incorporate in the full reauthorization. But if you don't, I've got in there a mechanism to pay it back.

The other thing I would mention is that short-term funding would string out what we've got going right now. It would allow us to avoid terminating contractors, which I don't want to do. If we get 60 days, we won't terminate them for 60 day funding

We've pulled together—and I don't know whether it's gotten up to your staff now or whether it's going to be in a meeting today or tomorrow—three different alternatives which lay out $70 million, $140 million, $861 million, and what would happen at each funding level. It just inches it out.

What happens with the smaller amounts of money is we don't start any of the work? In other words, we don't get any of the work back up to speed. We keep things just like we've got them going now, just stringing them out, with the hopes that at some point in time you're going to finish the reauthorization, we will have a bill, then we'll get it back up to speed. That's the only difference.

What I am suggesting is let's get it rolling again, fast, roll it right into your reauthorization so we'll have as little downtime as possible.

As far as the administration being willing to work with you and work with the Finance and Ways and Means Committees, we're willing to do that. We've done that. I can't tell you how much we appreciate the opportunity that both the staff and the members have given us through this entire process to participate, and have input both on substance and on taxes.

We just don't agree with the amount of money you're trying to raise. We don't agree with the way the Senate wants to raise your money. There's not any way that we're going to change that disagreement today or tomorrow.

I think Jim Baker in his response to you, which he and I have discussed that over the last couple of days, gave you basically the same response I have given you; that is, we proposed a mechanism for raising $5.5 billion and we've had numerous discussions about various alternatives on that. We're not going to come up and propose ways for you to raise more money than we think you need to raise.

Senator STAFFORD. Lee, you've made a very comprehensive answer. You didn't, however, touch on the problem I think we face if we take the $861 million route, and that is, doesn't that take the pressure off Congress to proceed with a full conference between the House and the Senate and bring it to a conclusion? I think that's the fear of many Members here on the Hill.

Mr. THOMAS. I don't know. I have been playing that game for a good while. So I don't know the answer to that. You all know it far better than I do.

I know one thing. It'll take the pressure off the people out there as far as this program is concerned and let us get it moving again.

Senator STAFFORD. Some people have proposed that Congress provide only an extremely limited extension of Superfund, providing just enough money to prevent layoffs and contract cancellations and no more. What would you think of that proposal?

Mr. THOMAS. I don't think that's a very good one, for the reasons I have indicated.

Senator STAFFORD. Yes.

Mr. THOMAS. I know that that's one thing that has been discussed and that's one of the alternatives that we've laid out here as to exactly what you'll buy with that.

Senator STAFFORD. What would be the most helpful to the Superfund program, in your judgment? A short extension or a 5-year extension which provided only funding with no substantive changes in law?

Mr. THOMAS. The 5-year extension to Superfund is by far the most helpful, as I have said over and over again, getting it reauthorized is absolutely the most helpful thing to that program. Give us the 5 years that we need to keep this program rolling.

Senator STAFFORD. All right. It should be clear in the record for today's hearing that the budget request we are examining is the budget proposed by the President, it's not the budget, we understand, that was prepared by EPA. It appears to us that EPA asked of the administration about $1.6 billion for an operating budget and that the request before us is $230 million less.

Could you describe for us in a general way what the additional $230 million would have bought had you been allowed to submit that size budget?

Mr. **THOMAS**. We went through, as we do each year, budget process. As a matter of fact, it's interesting if you look back historically, as I have done over the last couple of years; The program offices come to me with requests, I pare those requests back, I go with the request to the President, his agent, OMB, pares that back.

I come to you. You agree or increase that request. But we've been fairly consistent, we meaning the President and Congress, over the last several years as to where those increases have gone, and the size of the increases.

Let me say that the request to OMB, as you indicated, was about $230 million difference if you take out the Superfund part. It would have bought a variety of things across the Agency. There was about a $40 million difference as far as our research and development program is concerned. There was a larger increase for some of our air programs over and above what we ended up with. The same in water. It spreads all the way across the agency.

What it would do in each of those categories would give us a little more dollars and people to do some of the things that are in this budget. There's nothing in there that are dramatic kinds of things. In other words, there's nothing there that was a major program that we're going to stop as a result of not obtaining the additional $230 million. It was a question of how fast are you going to move on things, how much are you going to do on things; and in the process of negotiating, we came down.

That negotiation, particularly this year, was done in the context of targets. People that I negotiate with at OMB on budgets, Jim Miller and his staff, had very little flexibility as far as the targets they were working from.

Senator **STAFFORD**. Mr. Miller sounds like his predecessor somewhat.

I want the record to show that the chairman has limited himself to 10 minutes. Senator Lautenberg.

Senator **LAUTENBERG**. Lee, the objection that you seem to raise over the new funding levels recommended by the Senate and/or the House, had to do with the taxing methods, as I listened to your remarks. You said that you couldn't agree that you and Secretary Baker were consistent in your response. I thought again that it focused more on the taxing scheme as opposed to the operating availability with the increased reauthorization.

Sometime ago you were fairly adamant, as I remember, as saying that $1 billion dollars a year was about all that was digestible.

But I want to ask you this. If we stuck at our level, $7.5 billion to $10 billion, would it be impossible for you or not likely that you could use those funds officially? You've got a lot of things in the pipeline. There has been a lot of research, a lot of review.

And many of us—and I think you share this frustration—feel that looking at the 5-year experience, roughly $1.6 million spent, the 6 or 12 sites, fully cleaned up, relatively small sites, that that pace was so slow. As I remember your explanations, you said that there was much to do in design and engineering and so forth that had to take place.

So now, I take it, we're ready to go. The organization is still intact, the contracts are still there wouldn't it be possible, if we were able to get the funding levels that we've requested from the Congress authorized, that you could use those funds efficiently and promptly go get on with the task that we've assigned to Superfund?

Mr. THOMAS. Well, I can't give you a real short answer. I will give you a little answer that kind of qualifies a no. What you've done, as we've gone through the process in the Senate and House, is you've added in a lot of things. You've added in new programs; for instance, the House added in the Underground Storage Tank Program, they added in an Oilspill Program, they added in new requirements.

So a good bit of the money that you're talking about would need to be used to implement new things, not run the program any faster. As a matter of fact, the program would run slower under your provisions, more than likely, as far as cleanups are concerned.

Senator LAUTENBERG. More money would slow down the program?

Mr. THOMAS. What you've done is you've said speed it up, and then you've put in all kinds of requirements to slow it down. On average, I projected the House bill will slow down each site by about 2 years. It already takes about 5 on average to clean a site up. I would say it's going to take on average about 7.

What you've done—the House, much more than you—is specified in law numerous steps that have to be taken, concurrences gotten, inputs given with timeframes, various actions that have to be taken that stretch out the process of deciding what you're going to do at a site and then doing it.

So if you look at what's been done in the statute, the proposals that are now before you in the conference committee, and you cost them out, you actually find that the Superfund part, the part that we all know is Superfund, which is cleaning up hazardous waste sites, will cost about the same thing in the Senate bill and about the same thing in the House bill and about the same thing in the administration's bill, which ran about $5 billion a year—I mean, $5 billion over 5 years. That's how much we'll spend.

We will do fewer sites under your legislation than we do under my program that I propose.

Senator LAUTENBERG. They will be cleaner under ours.

Mr. THOMAS. No; I don't think they will be cleaner, I just think there will be a lot more people who have had a chop on it in a formal sense as opposed to the process we use now where we have them participate but don't give them 3 months here and 2 months there and 4 months there and go through all of the various specific steps that have been incorporated in the statute.

Now, the other parts of the bill, the new parts, certainly to implement those we will need new money. So when I answer your question, I have to answer it that way. I have to answer it that if you put new requirements in the bill for new parts of the program, it is going to require money over and above what it takes to run the regular Superfund program. You have to look at both parts of it.

Senator **Lautenberg**. I hear you, but I am not convinced. The fact is that if we add the programmatic requirements, particularly those recommended in the House bill, what we get, even if we maintain the same pace, is a somewhat different product. If you narrow the definition of Superfund's responsibilities, certainly we don't accelerate the process in terms of number of sites treated, but we do get (A) some kind of a commitment for scheduling, and (B) the definition of "clean" that we don't have right now.

Mr. **Thomas**. Well, Senator, what the House has done is they have guaranteed that the schedule numbers they put in their bill can't be met by a long stretch, absolutely no way.

Senator **Lautenberg**. We won't argue that.

Mr. **Thomas**. And they have also guaranteed that it is going to take substantially longer to get to a cleanup at a site than it takes now. They've also virtually guaranteed that I don't know that you're going to be able to reach a decision at some of those sites, with the process that they've now tried to specify in the law as opposed to giving management any flexibility in dealing with the process.

Senator **Lautenberg**. Rather than argue that here, we will be discussing that in conference, hopefully, very soon.

Lee, the interim proposal that you've offered, $900 million, roughly 750 to 800 million dollars' worth of borrowed funds as the collections begin, that adds a significant addition to the budget deficit. If there is an interest factor there, $700 to $900 million, whatever figure is borrowed at any time, if the rate is nine percent or something like that, we're talking about adding 70 to 80 million dollars' worth of costs in this year. Is that not so?

Mr. **Thomas**. When we made that proposal, Senator, those are some of the issues that we weighed when we sat in the White House and talked about the options we had for interim funding. Should we change from our position of getting a full reauthorization. We weighed the advantages of 60 days versus the amount of money I felt I needed to get the program back on speed. You can imagine the comments from the OMB people who were at the meeting. The end result was I got what I felt I needed, which was the proposal I gave you.

Senator **Lautenberg**. Coming back to where I was in my opening comments, can you respond to the request to hold off the actions that I requested, especially furloughing of the some 1,500 people to give us a chance to get through the conference? Wasn't that number 1,500 people And the notices of termination of, I think the number is, eight major contracts?

Mr. **Thomas**. Senator, the process that I laid out the other day—and that's the chart we were talking about—we won't literally start terminating people, furloughing people, until about October. We won't literally terminate contractors until April 1. So your comments about could we wait several weeks before those things happen, we don't intend to do that for about a 6-week period of time.

We're starting now to notify contractors that they may be terminated and we've started the process of working through personnel procedures because we have to do this far ahead of any furloughs that would support action we may have to take in September.

Senator **Lautenberg**. Right.

Mr. **Thomas**. But as I told you the other day, you know, I am not going to start those actions unless I absolutely have to.

Senator **Lautenberg**. Just to go back to our last meeting and ask you if you didn't think that that was a bit destabilizing?

Mr. **Thomas**. It's terribly destabilizing. It's terribly destabilizing.

Senator **Lautenberg**. And the thing that worries me, very frankly, about a 1-year renewal is that it says again to those people, "Listen, we're going to be hanging on by your fingernails for a few months more. See what happens. See how permanent your career decisions can be with EPA and Superfund and the Government." I think that's a terrible condition, Lee.

I have got to say I think that we're a heck of a lot better off if we can agree on a short-term interim funding proposal, get that behind us, and give us a chance to work with a clear slate on getting down to serious discussions about a reauthorization that says, "OK, the Government believes in this program, and we're going to continue, and here's the 5-year block of time. Rest easy. Do your job, and we'll be looking at a permanent structure within Government to clean up these sites."

Senator **Stafford**. That's a good point, Frank, to say your 10 minutes have run out.

Senator **Lautenberg**. OK.

Senator **Stafford**. The Chair, since Senator Chafee had fully intended to be with us this morning but had to go to Rhode Island to attend a funeral, is going to indicate to our witnesses of three items of Senator Chafee's concern. We won't ask you to respond to them now, but this is to put you on notice, Lee, in connection with the hearing early next week that Senator Chafee has in mind.

He wanted to bring to your attention, First, the greenhouse effect and the need, in his judgment, for the agency to pay more attention to it. There needs to be a greater interagency and international cooperation. Despite OMB to the contrary, EPA must devote adequate resources to carry out the recent NRDC consent decree on the regulation of chlorofluorocarbons. There is also a need for international protocols on control measures for CFC's and other greenhouse gases.

Second, Senator Chafee is troubled by the recent memorandum of agreement between EPA and the Army concerning the Clean Water Act Section 404 Program and the definition of "fill." As an interim measure, EPA has retreated from its previous position and now agrees to use, in some cases, section 402 permits for what are properly section 404 issues.

Even more troubling is the suggestion that EPA intends in the long run to shift the problem of waste disposal in wetlands to the RCRA program.

The third area that Senator Chafee wanted to raise concerns is the legality of your recently proposed rule on land-disposal bans under RCRA. The substance of that proposal will be the subject of a separate hearing on Monday, I understand. But he wanted you to be aware of the serious nature of the problems associated with it in the budget context. He questions the wisdom of wasting money on proposals such as this one and suggests that you critically review the extent to which EPA is spending money on outside contract work and consultant reports that really may not be necessary.

So, I am reading that for Senator Chafee, were he here, and this is in connection with the meeting next week.

Mr. **Thomas**. Senator, we really look forward to the opportunity to talk with Senator Chafee about all three of those. I might just mention quickly on the comment about the chlorofluorocarbons. I feel our budget does represent, and is consistent with, the consent decree on chlorofluorocarbons and will allow us to move forward with our strategy on chlorofluorocarbons, which is a part of our consent decree with NRDC.

Senator **Stafford**. Thank you very much.

Senator Baucus.

Senator **Baucus**. Thank you, Mr. Chairman.

Mr. Thomas, I just have a couple of questions about acid rain. I noticed in this morning's paper that the administration is trying to decide whether to adopt Drew Lewis 'recommendations.

My questions really go to the degree to which, if those recommendations are adopted, they are or are not reflected in the budget. I say that because it seems to me that those recommendations should be adopted, but frankly, we should go much further than those recommendations. They are only a first step.

Second, as you well know, there was a recent court decision which upheld a finding by the previous administrator, Mr. Costle, that under section 115 of the Clean Air Act, that there are transboundary problems and that they're man-made, in part, and certainly that Mr. Lewis 'recommendations acknowledge that acid rain is caused by man, certainly in part, in substantial part.

First of all let me ask this, are you recommending to the President that they adopt Mr. Lewis' recommendations?

Mr. **Thomas**. Senator, I have been involved in very active discussions over the last several weeks related to the Lewis-Davis report. I was very actively involved with Drew Lewis as he developed that series of recommendations.

I feel those recommendations are consistent with my own thoughts on actions that should be taken concerning acid rain. I have been in the process of discussing those recommendations with the President and others over the last week.

Senator **Baucus**. If they are adopted, is your budget consistent with those recommendations?

Mr. **Thomas**. I feel like it is. One of the three big categories of recommendations, was research and development. There was fairly good detail on what they felt the research program should be to deal with the major uncertainties associated with acid rain, that they recognized.

We have reviewed the National Acid Precipitation Assessment Program that we had a hearing on in this committee not long ago. EPA has a large component of that budget, and I think that the research program is consistent with the recommendations, and I think that our piece of it, which is about $55 million in this 1987 budget, is consistent with those recommendations. So, I think this budget is reflective of that.

Senator **Baucus**. How much are you requesting for acid rain research; and second, how much for air pollution control research, in general?

Mr. **Thomas**. Acid rain research, the overall administration's request, is $85 million, and I think EPA's piece of that is $55 million. I can give you the overall acid rain research number.

Senator **Baucus**. How does that compare with last year?

Mr. **Thomas**. That's consistent with last year's request.

Senator **Baucus**. Does "consistent" mean "same as"?

Mr. **Thomas**. Same as. EPA's piece is larger. In other words, as you work within the overall number, EPA's part of it increased because of increased responsibilities under the program by $6.4 million. The overall $85 million is consistent with the 1986 number, this year's number, on acid rain.

Senator **Baucus**. Now, what about air pollution control research?

Mr. **Thomas**. I don't have that number right in front of me. If I could provide that to you for the record, I would appreciate that.

Senator **Baucus**. All right.

[The information requested follows:]

AIR POLLUTION CONTROL RESEARCH

EPA's air pollution control research consists of evaluations of control technologies to reduce emissions of air pollutants from various mobile and stationary sources. Resources for this program, as well as for our entire air quality research program, are as follows:

AIR QUALITY RESEARCH

(Dollars in Millions)

	1986 Current Estimate		1987 President's Budget	
	FTE	$	FTE	$
Environmental Engineering and Technology (Control Research)	71.5	$9.6	72.5	$7.5
Other Air Research	379.6	$58.8	387.6	$55.8
TOTAL	451.1	$68.4	460.1	$63.3

Senator **Baucus**. Do you know whether the administration is going to appeal that recent court decision?

Mr. **Thomas**. We did appeal the section 115 decision a couple of months ago. We're in the midst of that case now on appeal.

Senator **Baucus**. Isn't that a little inconsistent with Mr. Lewis' finding?

Mr. **Thomas**. No, not really. There were a series of issues on the section 115 appeal. They related to, at that point in time, the whole issue of the way the section 115 finding was made by Doug Costle, the way it was reconciled or not reconciled by administrators after Doug Costle, the international negotiations which were going on at that point, which is the Lewis-Davis report. So, I don't feel it was inconsistent. The rationale for our appeal I don't think was inconsistent with what we find in his report.

Senator **Baucus**. Could you also for the record provide for this committee in constant dollars, EPA's budget requests in the various categories that you have here as well as totally, beginning 1980?

Mr. **Thomas**. Certainly. I might add, you will find it difficult to look at those figures because I have done that. I've gone back and looked at funding statistics for various programs and it's kind of an apple-and-orange comparison because of changing programs and changing priorities. We don't have any problem at all in providing that information to you.

Senator **Baucus**. OK. But do the best you can.

Mr. **Thomas**. Oh, we will.

[The information requested follows:]

EPA BUDGET IN CONSTANT 1980 DOLLARS

The following table provides a straight media comparision of the Agency's 1987 Request with the 1980 Appropriated Budget, in constant 1980 dollars. Please note that the 1987 adjusted figures reflect aggregated totals for various categories of expenditures which have been deflated using individual indices. Each of these indices, along with the expense category it has been applied to, is described in the footnote to the table.

TABLE 1
FY 1987 REQUEST VS. FY 1980 APPROPRIATED
IN CONSTANT 1980 DOLLARS
(DOLLARS IN THOUSANDS)

MEDIA	FY 1987 PRESIDENT'S BUDGET	FY 1987 PRES. BUD ADJUSTED 1/	FY 1980 ACTUAL APPROPRIATED	DIFFERENCE: FY 1987 ADJUSTED VS. FY 1980 ACTUAL
AIR	$239,228.4	$169,707.5	$247,766.2	($78,058.7)
WATER QUALITY	$217,841.0	$156,672.8	$333,592.6	($176,919.8)
DRINK WATER	$84,126.5	$59,555.2	$75,053.0	($15,497.8)
HAZ WASTE	$256,236.2	$180,980.7	$95,516.7	$85,464.0
PEST	$69,433.1	$50,425.8	$69,990.4	($19,564.6)
RAD	$11,972.0	$8,813.1	$16,603.3	($7,790.2)
NOISE	$0.0	$0.0	$12,718.6	($12,718.6)
INTERDISC	$47,874.9	$35,005.2	$26,321.8	$8,683.4
TOXICS	$89,327.7	$64,672.5	$88,146.1	($23,473.6)
NEW FACILITIES	$0.0	$0.0	$302.0	($302.0)
ENERGY	$59,589.4	$41,924.8	$100,617.6	($58,692.8)
REPAIRS & IMP	$5,000.0	$3,765.0	$1,875.0	$1,890.0
REG. COUNCIL	$0.0	$0.0	$2,538.0	($2,538.0)
PRG MGMT	$14,858.8	$11,196.3	$13,627.5	($2,431.2)
AGENCY MGMT	$101,354.2	$75,892.5	$70,516.6	$5,375.9
REGION MGMT	$28,397.0	$21,594.1	$25,551.8	($3,957.7)
SUPPORT	$151,226.8	$105,780.5	$88,661.8	$17,118.7
SUPERFUND	$1,050,000.0	$738,610.2	$0.0	$738,610.2
TOTAL	$2,426,466.0	$1,724,596.2	$1,269,399.0	$455,197.2

1/EXPLANATION OF VARIOUS INDICES APPLIED TO FY 1987 PRESIDENT'S BUDGET

1. FEDERAL CIVILIAN PAY: APPLIED TO ALL S&E AND SUPERFUND PC&B EXPENDITURES.
2. FEDERAL NONDEFENSE NONPAY PURCHASES: APPLIED TO ALL OTHER S&E AND SUPERFUND EXPENDITURES ALONG WITH ALL R&D AND ALL NON-STATE GRANT AC&C FUNDS.
3. FEDERAL CONSTRUCTION, NON-RESIDENTIAL STRUCTURES: APPLIED TO OUR BUILDINGS AND FACILITIES FUNDS.
4. STATE AND LOCAL GOVERNMENT PURCHASES DEFLATOR: APPLIED TO AC&C STATE GRANT FUNDING.

A comparison of this sort fails to recognize several important and fundamental changes which have occurred in the composition of the Agency's budget since 1980.

First, the Agency's programs and priorities have changed significantly since 1980. The Agency's 1987 Budget reflects the increased priority the Agency has placed on the problems associated with uncontrolled hazardous wastes over the last several years. Since 1980, tremendous amounts of increased resources in both the Hazardous Waste and Superfund programs are evident. In real terms, the Agency's Hazardous Waste budget has increased by over $85 million since 1980. In 1980, the Agency operated no Superfund program. Now, in 1987 the request totals more than $1 billion for that program alone.

Second, work on many older programs has been completed or phased down since 1980. A few examples of these include:

- The Agency's Noise program was eliminated by the Administration and the Congress back in 1983.
- The Agency's Energy program has changed dramatically since 1980. In the early 1980's this program was focussed on the environmental effects of the growing synthetic fuels industry. In 1980, EPA's Energy research request totalled over $100 million. However, because the synthetic fuels industry never proved as commercially viable as expected, the Agency is not requesting any synthetic fuels research funding in 1987.

In addition, the Agency and the Congress have decided that several large State Grant programs funded back in 1980 are no longer appropriate candidates for funding now and are no longer reflected in our 1987 Request. Some examples of these include:

- Section 208 Planning Grants - In 1981, the last year of funding for this program, EPA's budget contained almost $34 million in Section 208 Planning Grants.
- Resource Recovery - In 1981 EPA's State Grants budget included $4 million for Resource Recovery Grants. Again, 1981 was the last year in which funding for this program was included in the Agency's budget.
- Solid Waste - Over $8 million was included in 1981 for Solid Waste Grants. No subsequent funding has since been provided under this grant category.

These examples illustrate some of the problems encountered when trying to compare the Agency's current budget with budget levels from years ago. No matter what base year is chosen, significant changes in programs and priorities over time must be recognized.

Senator **BAUCUS**. Are you going to make your own section 115 finding based upon the Lewis report?

Mr. **THOMAS**. I don't anticipate that there's anything in that report that would direct me to make a section 115 finding.

Senator **BAUCUS**. OK.

Mr. **THOMAS**. However, we are still in the process of reviewing the report.

Senator **BAUCUS**. Thank you.

Senator **STAFFORD**. Thank you, Senator Baucus.

Senator Mitchell.

Senator **MITCHELL**. Thank you, Mr. Chairman.

Mr. Thomas, in your remarks you referred to the current status of the budget and you use the phrase "the past several years" in describing what has occurred.

I would like first to ask if you do not agree that over the past several years—and for purposes of discussion let us begin with 1981, when the current administration assumed office—that the responsibilities of the Environmental Protection Agency, those responsibilities have increased. I have in mind the RCRA amendments, your activities dealing with air toxics, pesticides regulation, your budget now on indoor air pollution and radon for 1987, the prospect of the Clean Air Act in 1987.

Would it be a fair statement that the responsibilities of the agency have increased over that period of time?

Mr. **THOMAS**. Both increased and changed.

Senator **MITCHELL**. Now, in describing this budget, you used the phrase—and I was struck by it, so I wrote it down; I think I have it verbatim—you described the budget as "a continuation of the momentum we've achieved over the past several years in increasing the agency's budget." And the charts you produced upon which your statement was apparently based cover the period commencing in 1983 and going forward from there.

I would like to go back if I could to 1981. Obviously, whether something increases or decreases depends upon what it is measured against.

You are talking about an operating budget of $1.3 billion. If approved, that would restore the EPA's operating budget back to the level it was at 6 years ago, approximately $1.3 billion. Is that correct?

Mr. **THOMAS**. I was looking back over some of the figures, Senator, and I believe the operating budget figure is consistent with the 1981 figure, the 1987 request and the 1981 figure, as you indicated.

Senator **MITCHELL**. That's right.

Mr. **THOMAS**. But as you know, there are a number of changes within that figure.

Senator **MITCHELL**. That's right. And if we take into account the effects of inflation, then the purchasing power of that $1.3 billion is, in fact, 15 percent less than it was in 1981. Would you agree with that?

Mr. **THOMAS**. I would agree with that. I think that's fair.

Senator **MITCHELL**. Yes; well, I have calculated it, so it's accurate. So, what you have is an agency which has had an increase in its responsibilities. I believe it would be fair to characterize it as a significant increase in its responsibilities, and, over the past 6 years, an effective 15-percent reduction in its operating budget.

So, I would begin by challenging your statement that this represents a continuation of the momentum we've achieved over the past several years in increasing the agency's budget.

I think your statement is accurate only if one disregards the first 3 years of this administration and takes the very lowest point in time and uses that as the base point against which to measure subsequent activities.

I am not trying to identify you with those earlier years, but I think the point ought to be made because I think the statement taken alone creates an erroneous impression of what this current budget represents with respect to previous years.

Now, I would like to ask you a series of questions about some specifics in the budget. I guess we will have another round; I hope we do.

Senator STAFFORD. Yes; there will be another round.

Senator MITCHELL. All right.

I would like to ask about a question and a response, a question by the chairman and your response. As I heard Senator Stafford, he asked you if a 5-year extension of Superfund would be useful. You responded, if I heard you correctly, that a 5-year reauthorization would be best. But you did not respond to the question regarding a five-year extension. If I misunderstood either you or Senator Stafford, please correct me, but I believe that you used a different term in responding than he did in asking the question.

So my question to you is, Would you respond, please, directly to the question of an extension if you agree that there is a difference between a 5-year extension of the current program and a 5-year reauthorization, as described in your answer?

Mr. THOMAS. Very good point. I think I misunderstood Senator Stafford's question.

Senator MITCHELL. Yes.

Mr. THOMAS. Thank you. I think that it's obvious, at least to me, we need a reauthorization. We need more money in the program certainly than we've had the first 5 years. So, we've got to deal with the funding issue. I think there are some changes that can be made in the program that would be helpful to the program.

As you know, we submitted a bill that incorporated a number of changes to the program that we felt would be helpful. So, that's why I have been such a strong proponent of a 5-year reauthorization—not a 5-year extension, a 5-year reauthorization.

Senator MITCHELL. And your position regarding an extension, which developed in your response to Senator Lautenberg's answer, was, I gather, that you now favor as essential a 1-year extension but at a higher level of funding, the level of funding being consistent with the bill that you propose as opposed to current law. Is that correct?

Mr. THOMAS. Consistent with the appropriation that we received this year from Congress, which was consistent with the bill that we had proposed to Congress.

Now, as you know, we requested $900 million. It was reduced to $861 million.

Senator MITCHELL. Right. Well, let me just say, Mr. Thomas, that I am not going to make my opening statement now; I asked to put it in the record. But I want to state my general conclusion that I believe that the budget you've proposed is inadequate to the task that you face, the increased responsibilities that you now must meet, and it is my hope and expectation that what you've described as the consistency of action over prior years—that is, the Congress increasing the proposals made by the President— will occur again this year. I don't think your budget is adequate to the task.

Did you tell Senator Baucus that you have urged the President to accept the Lewis report? Your statement was sort of that you've been involved in the process, but I don't think I heard you actually say that you've urged the President to accept and endorse that report. Did you?

Mr. THOMAS. Well, I think that the answer I gave Senator Baucus is probably the best answer I could give you. We've had a lot of back-and-forth exchange on the issue with a number of people, including the President. I think that the statement that I made, which is that I found the Lewis report consistent with my own feelings, was reflected in the kind of discussion that was had in those meetings and with the kind of recommendations I made.

Senator MITCHELL. Well, may I then interpret your answer as an affirmative one: Yes, you did tell the President that you think he should endorse that report?

Mr. THOMAS. Yes; but I also pointed out, I think, qualifying statements about that adoption.

Senator MITCHELL. What were those?

Mr. THOMAS. Well, you've got to put it in the context of how we're dealing with the overall deficit, when you talk about $5 billion, obviously that's not an easy amount of money to come up with. So we've got to work through that process. We've got to put it in the context of how we move in the research program and what modifications we may need to do that. So, I mean, it's not a carte blanche acceptance. That is the kind of discussion we had.

But the substance of it, Senator, the substance of it, yes.

Senator MITCHELL. Is it fair to say that if the President listened only to you and no one else and followed your advice, that he would endorse the Lewis report or reject it?

Mr. THOMAS. If he listened only to me and no one else, I think, with my qualifying statements, he would adopt it with my qualifying statements.

Senator MITCHELL. All right. And what were the qualifying statements?

Mr. THOMAS. It had to do with full acknowledgement of the fact that we would have to make some modifications in the way we were dealing with the budget for the clean coal program; we would have to make some modifications in the way we were dealing with the interactive process with the Canadians; we'd have to make some modifications to the way we were dealing with the research program. Concerning the explicit detail in that report, we may not have to do each one of them exactly the way it's suggested. Yes; we did agree with the substance of the report.

Senator MITCHELL. Excuse me, Mr. Chairman. I have several more questions which I can go through in the next round.

Senator STAFFORD. Thank you.

Senator MITCHELL. Thank you, Mr. Thomas.

Senator STAFFORD. I guess to come back to the question that was raised by Senator Mitchell, which proves how sharp an ex-U.S. district judge can be on questions, I guess we better make it clear that what I was seeking was your view on whether or not a 5-year extension of the program at a much higher level of funding, $5-$10 billion, would help the Superfund program. And that was the question I had attempted to ask.

Mr. THOMAS. Oh, I am sorry. Well, then, that's a different question than I answered to Senator Mitchell.

Senator MITCHELL. Yes, that's the point I wanted to make, that I think Senator Stafford wasn't asking just from an extension at the current level, he was talking about a much higher level.

Mr. THOMAS. At a much higher level. That's like at $5 billion or more?

Senator STAFFORD. Or somewhere in between there and $10 billion.

Mr. THOMAS. Senator, I think that would be helpful to the program.

Senator STAFFORD. All right.

Mr. THOMAS. Just about anything beyond where I am today is going to be helpful to that program.

Senator STAFFORD. Well, I think we understand each other.

Let me address this question to you, Mr. Thomas. The President's request for 1987 proposes a termination of the Asbestos-in-Schools Grant-and-Loan Program. Was that your recommendation to the President, or was that a decision made at OMB and at the White House?

Mr. THOMAS. The 1987 budget reflects my recommendations and my budget submittal to OMB as far as the asbestos program is concerned. It reflects no additional financial assistance for the grant-and-loan program to schools as I requested. It does reflect, however, the incorporation of funding several million dollars for contractor certification and training and the technical assistance program, which I feel is very important and which I think is paying off with real benefit now.

So we looked at the program, and we requested—what had been funded by the administrative set-aside under the asbestos-in-schools program. We identified it and submitted it as a separate request, and it was incorporated in the 1987 budget.

Senator STAFFORD. The current asbestos-in-schools law authorizes the Attorney General of the United States to sue asbestos manufacturers to recover costs of the program. To your knowledge, has the Attorney General taken any action to pursue cost recoveries for the grants and loans that have already been made?

Mr. THOMAS. Senator, if I could provide that for the record. To my knowledge, I am just not aware of it.

Senator STAFFORD. All right.

[The information requested follows:]

COST RECOVERY UNDER ASHAA

EPA does not know of any action taken by the attorney general to sue asbestos manufacturers to recover abatement costs.

Senator STAFFORD. I want to say for the record that this is a very important program, in our judgment, in terms of protecting American children as well as teachers and other school employees. As a matter of fact, later today I will introduce a bill to expand and improve this particular program.

Your budget proposes to abolish the grant to the National Rural Water Association. That is a small item, only about $2 million, but it is an important item because this organization has been very effective in providing technical assistance to the thousands of small water supply systems across the country.

Right now, the Agency is in the process of developing new standards for dozens of synthetic organic chemicals. That's good. We've been pushing for standards. But it's going to be very difficult for many of the small water supply systems out there to adequately monitor for these new standards.

We recognized this in the Senate drinking water amendments by including a large authorization for technical assistance to circuit riders. That's exactly what the National Rural Water Association does.

Isn't this one of those penny-wise, pound-foolish decisions? Won't it end up costing you millions in enforcement if the small systems aren't able to comply with the new standards because they don't have the technical ability?

Mr. THOMAS. Senator, it reflects a tough decision on priorities that I had to make when I submitted the budget, on what grant programs I was able to maintain and what grant programs I thought we had to delete.

Now, I happen to think that is a good program. But when I looked at the overall grant programs that I wanted to maintain, the drinking water program for instance, I felt that I had to give priority to the overall drinking water grant program and end the National Rural Water Association grant.

Senator STAFFORD. Thank you very much, Mr. Thomas.

The Chair apologizes for overlooking the fact that Senator Abdnor has been with us.

Senator, do you have any comment or any statement you wish to make?

Senator ABDNOR. No, I don't have a statement. Thank you, Mr. Chairman.

I certainly want to welcome Mr. Thomas to the committee and commend him on the fine job he's doing. I am happy to hear him say he could live within the confines of the Gramm-Rudman cuts and also that it isn't quite as bleak for 1987 as it might be. You never know what we might do in Congress in our own revision of that budget. But if worse comes to worst, even so, I guess you could survive with the figures that have been presented. But that will take time. You can't tell what's going to happen for everyone's budget, but I am pretty sure that Congress is not about to let everything, every dot and comma in that budget and the figures stay the way it was sent up to the Hill.

But it's good to have you here.

Mr. THOMAS. Thank you, sir.

Senator STAFFORD. Thank you very much, Senator Abdnor.

Mr. Thomas, one final question from me. Could you describe for us how the agency would be affected if, indeed, the worst case occurs and the guillotine falls next October 1 under Gramm-Rudman that might result in anything from a 15- to 25-percent across-the-board cut for your agency, and I fear that might have serious adverse implications.

Mr. THOMAS. Senator, that would be the mildest statement that I would have to the implications of a 15- to 25-percent across-the-board cut.

As I indicated, under the statute, the way the Appropriations Committees have defined program, project, and activity the cuts would go all the way down to our program element level. It would be devastating for our agency.

Senator STAFFORD. All right. I think that would be my judgment also. We share that conclusion.

The chairman may have to leave shortly, so I simply want to thank you and your colleagues for coming up here. We will continue the rounds of questioning. Thank you very much.

And I hope that since some of the members can't be here who are on the Finance Committee and will want to submit questions in writing, that we might, as we did last year on the same date for hearings, ask if you could respond by March 1 for us. Could that be done?

Mr. THOMAS. I think it can, Senator.

Senator STAFFORD. All right, sir.

Thank you very much again. Can you remain until noontime, Lee?

Mr. THOMAS. Yes, sir.

Senator STAFFORD. All right.

Senator Mitchell, it's your time.

Senator MITCHELL. OK. Thanks, Mr. Chairman.

Lee, at our January 30 hearing, you laid out the plans for the potential shutdown of the program. You promised us an analysis of the funding necessary to prevent implementation of the shutdown in 3- and 6-month periods.

I understand that that analysis is on its way and we expect to have that tomorrow. Is that correct?

Mr. THOMAS. I think there's a staff meeting set up for tomorrow, but I know that the intent was to bring that information up and sit down and talk it through with the staff.

Senator MITCHELL. OK.

Mr. THOMAS. I think that's scheduled for tomorrow.

Senator MITCHELL. So we will have something for the committee that we will be able to take a look at?

Mr. THOMAS. It's a 3-month, 6-month, and 12-month program.

Senator MITCHELL. OK. You say in the letter that accompanies your proposal that funding is a—I quote here—"means for accelerating the pace of the program to the appropriated levels for 1 year while the long-term issues are being resolved."

But the language on the proposal in no way limits the spending to 1 year. It talks about a 1-year cycle, but that's only for funding and not spending. You would be free to spend that money as your professional judgment dictates.

Are we talking about, in your proposal, a year going back to the expiration of Superfund?

Mr. THOMAS. No; it would be from the date of enactment. For instance, I don't believe taxes can be retroactive from what I understand from the Treasury Department.

Senator MITCHELL. No; but you're going to be borrowing the funds anyway, so whenever that payback comes——

Mr. THOMAS. That's right.

Senator MITCHELL [continuing]. That's going to start from the initiated period on anyway. But spending could be dealt with—could accelerate some programs, I believe—and have that work done by the end of this fiscal year, September 30, conceivably, hypothetically, that we could spend the $861 million.

Mr. THOMAS. I don't think we could spend that amount by the end of this year, Senator. It all depends on when you would enact it.

But let's just say April 1, you've got 6 months left in the year; we've got to crank the program back up. We've got it ready to crank back up. But I don't think we can spend $861 million by the end of the fiscal year.

The intent was to look at it as a year's worth of money. Now, we may be able to spend that in less than a year, but we're really looking at a year's worth of money.

Senator MITCHELL. OK. So there is no restriction in terms of the period of time necessary that you must expend the money?

Mr. THOMAS. In the bill we submitted to you, there was not. If you'd like to cap it at a year's worth of spending, I'll support that. I don't want to stretch it out. The intent is not to stretch it out. It's not to take the $861 million and stretch it out to 3 years.

Senator MITCHELL. Right.

Mr. THOMAS. It was to get back to the 1 year that we've got in the appropriation.

Senator MITCHELL. OK. But it does have an odd coincidence about the timing, Lee, that takes us past the election of 1986, obviously. And I think it would be less difficult for the President to veto a reauthorized Superfund until after the election and have taken the pressure off during this period of time by a funding extension that takes us past November. Do you think so?

Mr. THOMAS. No, I don't think that. Our proposal doesn't have anything to do with that. I find that it seems like there are always elections and people are always running for office. I am going to just give you what I think we need.

Senator MITCHELL. There are elections all the time, but they affect each one of us differently, I think.

We can't ignore the politics.

And therefore, we'd be better off again, you agree, now that we've got the definition clear, that a reauthorized, strengthened Superfund is the ideal and we're not talking about anything less than the 5-year reauthorized——

Mr. THOMAS. That's right. That's our objective, just like yours.

Senator MITCHELL. OK. Lee, I want to talk for a moment about radon, and you are aware of my interest in that. I am pleased with your support in setting up the Federal program that Senator Lautenberg and I both have a deep interest in. You deserve credit for fighting for the funds included in the EPA 1987 budget.

In a letter dated December 19, that you wrote to me, you outlined EPA's radon work plan, the actions that you're going to be taking in the Reading Prong area, which is the extension from Pennsylvania through New Jersey and New York.

Yesterday, information came out—I assume you saw it—that 40 percent of the homes tested in the Prong thus far under the auspices of the DEP in New Jersey exceeded EPA's threshold levels for radon.

It's frightening. And if this is true throughout the Prong, we should be looking at 100,000 or more homes that would be affected, and maybe half a million people in our State alone.

We found something else, and that is that the problem is not limited to the Reading Prong area, but we found radon in a school 10 miles from the Reading Prong area.

How soon will EPA be coming into New Jersey to assist the State in its radon study?

Mr. THOMAS. Senator, I might let Jim Barnes answer that with me. Jim has really been working to manage the radon effort very intensively over the last year. I appreciate your comments about what we've done as far as our radon program is concerned, and I share with you the concern for this issue and the health risk posed by radon.

We have been actively working with the Pennsylvania State government on the radon issue, as we have with New Jersey, but particularly Pennsylvania over the last year.

We have been very active and our equipment and personnel were up there very early in the entire process to assist them. Our plan for involvement with Pennsylvania is well developed and we've been involved with them all along.

Jim, you may want to elaborate.

Mr. BARNES. Senator, I would simply add to what Lee said. We have been working with New Jersey. The next major step we will be taking will be a week from tomorrow, at which time we have invited representatives in from about 15 different States, including New Jersey, Maine, Pennsylvania, and a number of States that had some earlier experience with radon, like Florida, Idaho, and Colorado.

What we're going to do is have both State environmental officials, State health officials, and State radiation health officials come in.

What we really want to do is work through now, in a larger session, the various pieces of the Federal program and particularly some of the guidance that we're talking about providing the States, that would ultimately flow through to individual residents in the State. We want to make sure that we've got the best counsel and advice from a variety of professionals in this field who are in States that are likely, as you indicate, to see these radon problems surfacing publicly in their States. The States will be looked to as part of the solution.

We've got a number of elements that we've been working to put together, and we look forward to having this exchange with the States.

We've been talking to Dick Dewling, who is the newly appointed environmental commissioner there, and asked him to join us next Friday in that effort.

Senator MITCHELL. I am glad to see the effort broadening because we now recognize that this is a national problem of significant concern.

In the letter that I got from EPA December 19 we talked about including 110 homes, I think, in New Jersey for review. I quote here, "Expansion of the original 18-home demonstration program to include an additional 110 homes."

Mr. THOMAS. Senator, I don't know whether all those were going to be in New Jersey. They were going to be in the Reading Prong area.

And you are correct that we do want, as part of our process of assessing remediation techniques, to expand as quickly as we can that base of homes that we've tried techniques in and measured the results. We also have both our effort and the results of efforts that have been taken in the western part of the United States, by Bonneville Power and some of the States there, with various techniques. The question that States like New Jersey want us to be able to come in with, once somebody says, "OK, I've got an elevated radon level in my home," the question is, "what can be done about it?"

The more information we feel we can provide about what techniques that are available the better. We also need to be providing training and assistance to contractors, that is the people that are going to be trained to go in and put the techniques in place.

But we were working with a fairly small base of experience in the 18 homes, and, as you indicate, we really want to quickly expand that.

Senator MITCHELL. I would like to return to the line of inquiry that I was pursuing previously on the special envoy's report on acid rain. Both my questions and your answers tended to merge two different concepts. One was the conclusion by the report that acid rain is a serious problem requiring action now. The other was a recommendation to deal with that problem.

So, since I don't understand your position, and I have questioned you about this at great length previously, I would like to ask you now, do you agree with Mr. Lewis and Mr. Davis that acid rain is a serious problem which requires action now?

Mr. THOMAS. I agree that acid rain is a serious problem, and I have said that, and you and I have talked about that at length for the last year, anyway.

I agree that it requires action now. You and I have disagreed on what that action is for the last year.

The Lewis-Davis reports recommends a series of actions, the clean coal technology demonstration effort, the research effort, and the negotiation effort. And I agree with those.

Senator MITCHELL. Well, then—you are so precise with words that I want to make sure. When I use the word "action," I do not mean "further study."

Mr. THOMAS. What do you mean, Senator?

Senator MITCHELL. I mean some specific form of action to reduce the quantity of sulfur dioxide being emitted into the atmosphere in the United States in an effort to reduce the acid deposition in the United States. Not more study, not more research. Specific action that will have a demonstrable effect on reducing the quantity of acid rain—that's my question—do you agree that some form of action to achieve that objective is necessary now?

Mr. **Thomas**. I don't believe that we need to impose an emission reduction program now, which is I think what you're talking about——

Senator **Mitchell**. Yes.

Mr. **Thomas** [continuing]. To deal with acid rain beyond what we're already doing.

Senator **Mitchell**. Well, the Lewis and Davis report recommends a course of action, at least a part of the purpose of which is to reduce emissions.

Mr. **Thomas**. I agree with that.

Senator **Mitchell**. You do agree with that, then?

Mr. **Thomas**. Yes.

Senator **Mitchell**. All right. So, you agree that at this time some action should be taken beyond study, beyond research, to achieve some emissions reduction?

Mr. **Thomas**. But that's exactly the position I have had for the last year in talking to you.

Senator **Mitchell**. Oh, no, it isn't. You sat right here just a few months ago, and we had a long colloquy in which you said it would be at least 2 or 3 more years of study before any decision could be made whether we ought to take any specific action to achieve that objective.

Mr. **Thomas**. Well, but, Senator, let me just expand on my answer a little bit, and I think it responds to that. I don't think I am changing positions today from what we talked about before. I've said all along I felt that the work we're doing under the Clean Air Act is dealing with reductions of emissions, and I think will continue to do that.

I think that the coal technology effort, the demonstration effort that's talked about in the Lewis-Davis report, has the potential for doing that same thing. And I support that. And you can define that as different, and if you want to, that's fine.

I support that as something that I think can be done. The 2 to 3 years I talked about had to do with the uncertainties that I see associated with the science issues related to acid rain, those uncertainties that were noted in the Lewis-Davis report, the reason they recommended a strong research program. I still see those uncertainties, I still agree with them, I still feel the research program is necessary. You're doing two things; you're working on the uncertainties, you're implementing the Clean Air Act, you're doing them parallel. Now, you're going to put an additional element in, which is an increased emphasis on technology development for clean coal. I support that.

Senator **Mitchell**. Well, in the first place, you've suggested that you're working through the Clean Air Act to achieve reductions in emissions. Is it not true that after a period of decline, sulfur dioxide emissions are increasing?

Mr. THOMAS. No; I don't know whether that's true or not. We've just begun to get in some preliminary data from the first part of the year.

Senator MITCHELL. Don't they indicate that?

Mr. THOMAS. Those preliminary data did, as we indicated last time, but I don't think that's any kind of definitive data that you can draw conclusions that, hey, it's increased. There are ups and downs, as far as sulfur dioxide is concerned.

They've been pretty steadily down for the last number of years.

Senator MITCHELL. That's right. And that's been a big argument used by those who oppose any action. Now, if, in fact, the data is confirmed and emissions are increasing, then would you not agree that whatever you've said you've tried to do through the Clean Air Act has not succeeded?

Mr. THOMAS. Oh, no, no. We're in the process now of implementing the stack height regulation which hadn't taken effect yet, which will probably reduce sulfur dioxide emissions more than 1½ million tons. I mean, we just haven't seen that yet. So we've got regulations that we're in the process of developing that haven't taken effect yet.

Senator MITCHELL. Well, I will tell you, Mr. Thomas, it is a very frustrating, discouraging, debilitating process to discuss this subject with you or any other representative of the administration, notwithstanding the overwhelming weight of the evidence, you have just such a reluctance to admit there is a problem, that we want to do something about it.

I hope for your sake and peace of mind in having to come up here and take positions that I really think you in your own mind question, that the President will endorse this report, we'll finally in the light of all this evidence, conclude that there is a problem so you can be free from this posture of having to defend what I think are indefensible positions on that subject, and finally we can get to doing something about the problem instead of expending all of this energy in trying to get you people to agree that this is something we ought to deal with.

I don't want to spend any more of my time on that subject, we've gone over it so often. It's obvious to me you're just not going to say anything about it until the President makes the decision, I suppose. I commend you for your loyalty in that respect, but I must say it's a very disheartening experience.

I would like to touch briefly in the few minutes I have remaining on a couple of separate subjects before I turn it back to Senator Lautenberg.

The budget indicates the agency's intention to develop legislation to consolidate environmental program grants to States into a single environmental block grant. I have some reservations about this proposal, especially the limits such an approach would place on both the EPA and the Congress in setting national priorities for these programs.

Now, of course, one of the hallmarks of this administration in other areas has been to advance the notion of block grants and then to substantially reduce the level of funding to the States under the block grants.

So, my first question is does your agency intend to lower the total level of grant assistance to States as a part of the block grant proposal?

Mr. **Thomas**. No, sir. And if you look at the out-year projections in the budget, you will see that there is not a lowering of the grants through 1991.

Senator **Mitchell**. That's very good news. Have you had any reaction from the States to date?

Mr. **Thomas**. Yes, sir. We've been having a good bit of interaction. I put together a task force on it.

I might add, I have reservations about it as well. There are pros and cons to a block grant, and what I want to ensure is that if we come forward with a proposal, that we can show that there is real environmental benefit from the flexibility as well as administrative benefit. I am not going to come up here with a proposal that I think is not going to give us environmental benefit. We have an interactive process with the States for working this block grant budget.

Senator **Mitchell**. When would you propose the block grants take effect?

Mr. **Thomas**. A lot will depend, Senator, on what comes out of the group I have got working on it. Now, I think there's the potential that you could have a block grant take effect in 1987 if I looked at it very optimistically. I think, in reality, we've really got to work through a lot of the issues with the State people and our people before I could venture a hard date for you. But I think, optimistically, that we could say 1987 is a possibility.

Senator **Mitchell**. Senator Lautenberg.

Senator **Lautenberg**. I want to return to the radon issue, please. We know now that the problem isn't limited to New Jersey, Pennsylvania, Reading Prong, et cetera, it's omnipresent across the country. In fact, the existing data on radon contamination I believe shows that households in 45 States show radon contamination levels. Are you aware of that?

Mr. **Thomas**. I am sorry, Senator, I missed part of your question.

Senator **Lautenberg**. That it's believed that households in 45 States now have shown radon contamination.

Mr. **Thomas**. I don't know whether I'd seen figures about the 45, but I certainly would agree with you that it's our understanding that there is the potential for a very widespread radon problem.

Senator **Lautenberg**. So, it's a national problem.

Mr. **Thomas**. Yes, that's correct.

Senator, if I could just make one point on that, and it builds on something Jim said a minute ago, is that as we've gone to deal with the various State officials on this, we find that it has been an issue in a number of States for a number of years and a number of States have dealt with it. The Colorado officials came forward and indicated how they had dealt with it regarding mitigation; the Idaho officials; Florida officials also have experience in this field.

One of the things we have tried to do, and are trying to do is bring those State health and environmental and radiation officials in who have dealt with it over the last number of years, build on their experience, incorporate their experience as we go forward, and deal with it in new areas.

So, I think that the point you're making about it being a national issue is true, and what we are finding is that the east coast issue that we're dealing with is new for the East, but we're finding many other places in the country that have dealt with it in the past.

Senator LAUTENBERG. As a problem in the homes?

Mr. THOMAS. Yes.

Senator LAUTENBERG. And in buildings?

Mr. THOMAS. Correct.

Senator LAUTENBERG. You know that Richard Guimond of your organization traveled with me on a study to Sweden—and was very helpful, by the way. We learned that the Swedish Government has a national policy on radon; a building code, health standards, and testing. They find that radon is responsible—and they're pretty unqualified about this—for 40 percent of the lung cancer deaths in Sweden. They find it a very threatening material and have worked out some mitigation recommendations as to procedures that can be used.

We are happy to hear that you are coordinating the experience of the efforts, at least the experience and knowledge that the States bring to this. The fact is that New Jersey is a State that seems to have the largest presence, not only relative but absolute, of homes that could be affected and buildings that could be affected by radon.

Mr. THOMAS. Yes.

Senator LAUTENBERG. Do you have any opinion about how serious a health threat this might be?

Mr. THOMAS. Well, we've done a lot of work. Rich has probably gone over with you some of the findings that our people have done. We are working with the Centers for Disease Control actively, as the other Federal agency and the health agency, the Department of Energy, that has an epidemiological study underway, reviewing the work that had been done in Sweden as well as other places.

But we feel that the health risks posed by radiation are probably one of the best understood health risks as far as the environmental contamination is concerned.

Senator LAUTENBERG. When you say radiation, you're not separating—you're including radon.

Mr. THOMAS. That's correct. That's correct.

Senator LAUTENBERG. Because in some of the Swedish studies they list some things as basic as dental x-rays, video tubes, that kind of thing. And they come to the conclusion that, by far, radon gas is the most threatening factor in radiation assessment that we have to be concerned about.

So, that if you share the alarm——

Mr. THOMAS. We do. I think we feel that clearly we have to move on a number of different fronts in dealing with radon. The front of developing and refining health information is certainly one of those fronts. I think we have to continue to refine and develop and look at health information. That's not to say that we don't recognize the problem we have in front of us right now, given the health information. It's a very serious problem and it needs to be dealt with.

I think the kind of approach that Sweden is taking on the standard setting at a national level is probably very similar to the way that we eventually need to deal with it.

Senator LAUTENBERG. I agree that some kind of a national building code that demands that properties be offered with that, recognizing that radon gas could be part of the program.

OK. Then you're doing a national assessment now of how extensive the physical or geographical problem is?

Mr. BARNES. Our plan calls for a national survey. I think we're still in the final process of refining that national survey. And to a degree, that's gotten pushed a little bit aside as we started to deal with some of the immediate problems in the Reading Prong.

But it is our plan as we go through the rest of this year to be underway with a national survey that would give us a better handle on the extent of the problem across the country.

We also, as I think maybe Lee was alluding to, have been in close contact with the Association of State and Territorial Health officials, who have also been doing a lot of thinking about this. And we have been getting a good bit of information about them as well as their assessment about the seriousness of the problem.

I think all that data seems to be coming together in the direction that you indicated.

Senator LAUTENBERG. Well, that being the case, recognizing how broad-scoped this might be, the serious threat that it represents, I come off after having commended you for fighting for radon research funds, do you think that that sum which we have in the 1986 budget is sufficient to conduct an effective national radon program?

Mr. THOMAS. I feel it is, Senator. I think that the agency, particularly when you look at the work that has got to be done by the other agencies, the Federal CDC and DOE—but most importantly, State agencies—it's going to be a heavily interactive process as far as Government is concerned.

I think this will support the kind of effort that we need to move forward with. We've got this amount of money for 1986, and that we're asking for 1987. I think as we get into this project, if it appears to us that we need more resources for the radon effort, then we as managers have got to look within the agency and see what we would do about that. I think we'd put additional resources in the radon program it if it demanded.

Mr. BARNES. And I think we, to an extent, did that during the prior period of time when we really didn't have an explicit appropriation for it, we recognized that it was a serious problem.

Senator LAUTENBERG. I think we did, in the current year, put in 1½ million.

Mr. THOMAS. We pulled in the people and the dollars.

Senator LAUTENBERG. Right. Would you guess about a long-term need at this point?

Mr. THOMAS. I think it's probably not a point where you could guess any kind of projected need, as far as Federal agencies, simply because it's hard to project what the various levels of government are going to do.

Senator LAUTENBERG. Right.

Mr. THOMAS. But I think we can see now the pieces that we need to have in place. We need to be able to take a training program into a State so that contractors can be trained, the people that would go out and assess the problem in a much more macrofashion will be there. We need to develop the remediation information so it will be available. So I think we can see the products that we need fairly clearly.

Senator LAUTENBERG. Do you have administration support for your recommendations so far?

Mr. THOMAS. Yes; I think the budget is reflective of the administration's support. They have recognized the issue.

Senator LAUTENBERG. Yes; because I am conscious of the time constraint here, I don't want to push that. When I look at what you need to evaluate the national scope of the problem and gather together all this information for $2.5 million, though it's a step in the right direction—I take nothing away from that—is not really a lot of money. I think there is a lot of work that has got to go into this.

Did you want to comment, Mr. Barnes, on my statement?

Mr. BARNES. Yes; I think that the answer would need to be qualified a little bit by what Lee said, because in Pennsylvania the State has come forward with a program of providing monitors to people, and we have a Federal contribution that dovetails well with that effort. I know the Governor and some of the people in New Jersey have talked about similar program in that State.

Senator LAUTENBERG. Yes; we've advanced, we've appropriated several million dollars in New Jersey. The problem is, though, the job is so enormous. Pennsylvania has, I think, 12,000 homes exposed. New Jersey has 250,000 homes, minimum, and relative to the size of our State to the size of the problem in New York and Pennsylvania, ours is a mammoth undertaking, and we need help on it.

I wanted to talk for a moment about the OMB–EPA relationship. I am concerned about the implementation of the President's Executive Order 12291. The order gives OMB the authority to review proposed and final regulations before they can be issued at executive agencies.

In previous testimony you've testified, Lee, that you have the final responsibility over EPA rulemaking. But yet, there seems to be a pattern of OBM rejecting or indefinitely delaying or altering rules which EPA wanted to issue.

An example, OMB has been reviewing EPA's proposed arsenic standard since February 1 year ago. And at his confirmation hearing, Mr. Potter said that EPA has been working with OMB on issues and questions they have raised concerning the rule. And yet, Mr. Potter said that EPA has no written comments from OMB.

Lee, do you know if OMB has made any substantive comments over the portion of this year in reviewing this rule?

Mr. THOMAS. Reviewing the arsenic rule?

Senator LAUTENBERG. Yes.

Mr. THOMAS. They have. As a matter of fact, we're in a process now of, hopefully, coming to a conclusion on that rule. The situation, in the regulated community, has changed dramatically since we started that process. As a matter of fact, most of the facilities that we were looking at that would be regulated are no longer in operation. So it's been a changing scene from the time we started the regulatory process.

For instance, one of the major smelters we were looking at, the highest risk by far, was the Tacoma smelter, which shut down. So looking at the rule in the context of the changing scene has been one reason for the delay.

Senator **Lautenberg**. All right.

Senator Burdick.

Senator **Burdick**. Welcome to the committee, Mr. Thomas.

Mr. **Thomas**. Thank you, sir.

Senator **Burdick**. In going over your statement, I find that the 1987 Acid Rain Research Program will be expanded over last year. Can you tell me what sort of funds have been allocated to study the impact of acid rain on agriculture? How much are those funds?

Mr. **Thomas**. Senator, the overall administration's Acid Rain Program in the budgets of the agencies for 1987 is the same as the budget for 1986, which was a substantial increase over 1985. The EPA budget has increased by about $6.4 million from 1986 to 1987.

Within our budget, as well as within the budget of the Department of Agriculture, there is money for acid rain that relates to issues associated with crop damage and forest damage. Some work has been done in years past, a good bit of work related to ozone impacts on crop damage.

That relates to acid rain, but it also relates to our overall Air Program. So trying to look at what we're doing on the Air Program on ozone and what we're doing under the Acid Rain Program, I probably would need to give you both of those pieces to really show you how much we're doing on agricultural damage, because it is an issue we're concerned about.

We're concerned about the forestry aspects, but we're concerned about crop aspects as well, and it relates more to ozone than it does to sulfur dioxide and nitrogen oxide.

Senator **Burdick**. With the research that has already been completed in this area, is it safe to assume that there is no significant problem for farm commodities caused by acid rain?

Mr. **Thomas**. We found that there was not in the research that had been done. But we have found that the ozone issue is an issue of concern as far as crop damage is concerned.

But I would separate that from acid rain. The reason I bring it up in the context of acid rain is because we have dealt with it in the context of trying to define the impact on crops of one pollutant versus another. So as we looked at sulfur dioxide and nitrogen oxide, we found ourselves looking at ozone. We found that it was more of a pollutant of concern than the other two.

Senator **Burdick**. Are you prepared to say at this time that there is little or no damage from acid rain to agricultural crops?

Mr. **Thomas**. I think the research programs and the studies that have been concluded did show that there was little or no damage to agricultural crops from sulfur dioxide and nitrogen oxide.

Senator **Burdick**. But the ozone question is still under study?

Mr. **Thomas**. It is.

Senator **Burdick**. Many States, like North Dakota, have been conducting their own research on the impact of acid rain in their area. In the interest of saving valuable funds, would EPA consider utilizing these local data bases to help them construct other necessary regional monitoring systems? You might include in that, ozone, too. How much can you use of the State's program?

Mr. THOMAS. Well, we've got a program of working with the States, particularly on working with how the States can develop implementation plans for additional controls if they feel it's necessary. We've worked a lot with the States on that, more than we have, I think, on the research part of the program, although there has been coordination there.

What we've tried to do with the monitoring program is put in place a consistent national Federal monitoring system for dry deposition and wet deposition, and it has not been—and I am going to ask Courtney Riordan to assist me in this—but it has not been to utilize State monitors in that monitoring program as much as it has for purposes of collecting data. The States do, through their monitoring program, collect a significant amount of emissions data. As a matter of fact, we rely on them to a large extent in providing the emissions data as opposed to the deposition data which we're doing through the Federal monitoring system.

Courtney, do you have anything to add to that?

Mr. RIORDAN. The technical monitoring system is actually implemented at the local level. We work through many of the land-grant universities, and they maintain those monitoring stations. We are now actually in negotiation with the States to try to bring in what information is useful from their monitoring sites.

One of the problems has to do with the siting criteria that have been established in order to have consistent comparable data on trends. Many of the monitoring sites that have been set up in the States have been set up for purposes other than acid rain; they just happen to collect acid rain in addition to other air quality data. In many cases, it may not be consistent with our concerns about excluding the effects of local sources.

Senator BURDICK. Well, I am pleased to learn that you are going to take advantage of the expertise that's out there in the universities and elsewhere. You are planning to cooperate in this area?

Mr. RIORDAN. Very much so.

Mr. THOMAS. Yes.

Senator BURDICK. Thank you very much.

Mr. THOMAS. Thank you.

Senator MITCHELL. Thank you, Senator.

Mr. Thomas, I am pleased that the administration has proposed for the first time to request funds for research into the problems of indoor air pollution and exposure to radon gas. I commend you for that. It's an important step toward addressing what are serious problems.

I am concerned, however, about the Office of Management and Budget's stated policy that the EPA should have no role in this area.

My question to you is will the EPA continue to serve as the cochair of the Interagency Task Force on Indoor Air Quality?

Mr. THOMAS. Yes, sir; let me note that, as to that comment about OMB's statement, obviously the submission of the budget on indoor air and radon is evidence that that statement was withdrawn.

In the OMB passback there were, to me, a number of what I would call statements like that which I found were inappropriate and suggested that they pull those out, which they did.

Senator MITCHELL. So you are confident now that you have the full support of the administration to press forward with the research on indoor air pollution?

Mr. THOMAS. Yes.

Senator MITCHELL. I was disheartened a few moments ago; I am heartened at that.

Now, on the question of radon, as you know, Senator Lautenberg and I have been active in that, and we thank you for your efforts to focus attention in research on that problem. Yet the budget contains several references to radon, including the so-called radon action program and radon-related research. It is not clear, however, what the overall radon-related effort is and how the different activities fit together.

I would like to ask you to provide us with a written statement summarizing your proposed program in this area, including both funding and staff levels.

Mr. THOMAS. We would be glad to, Senator. We have a radon strategy, and we would be glad to provide it to the committee.

[The information requested follows:]

SUMMARY STATEMENT ON RADON ACTION PROGRAM
(STRATEGY, PLANS, FUNDING, STAFF LEVELS)

The overall Radon Action Program strategy calls for a comprehensive five-year assessment and mitigation effort beginning in 1986. The strategy has both short-term and long-term objectives:

Short-term

- Identify the potential for high-risk areas.
- Disseminate existing information to the public on risk, control techniques, etc.
- Enhance measurement capabilities in states.
- Encourage private sector development of mitigation methods.

Long-term

- Provide criteria for determining high-risk lands.
- Demonstrate low-cost mitigation methods.
- Expand measurement capabilities of states.
- Provide health guidelines.
- Inform public and industry on measurement techniques, mitigation methods, and preventive construction techniques.
- Define distribution of risks in the United States.

The 1986 funding levels for the Radon Action Program and our request for 1987 are shown below.

	Contract Dollars	Workyears
1986	$4,450,000	21.3
1987	$3,120,000	21.8

In 1986 the Agency is projecting the spending of $380,000 in studies of the health effects of radon exposure. An additional $1,170,000 will be invested in studies of risk assessment and exposure assessment, including the development of measurement protocols, survey techniques for a national assessment, and identification criteria for high-risk areas. The Agency will also spend $2,760,000 for mitigation research and demonstration projects, the majority of which will be devoted to support of projects in the Reading Prong areas of Pennsylvania, New Jersey and New York where known areas of high indoor radon levels exist. Finally, the Agency will spend $230,000 to ensure that information is made available to the public about radon, its effects at varying levels, techniques for measuring radon, and methods for mitigating radon problems.

In 1987 the Agency will implement the national assessment. We anticipate some initial results by the end of 1988, with more definitive results in 1989. Further information will be published on mitigation control techniques, test protocols, and means of determining land areas potentially at high-risk. Development of low-cost measurement techniques will continue and the Agency will continue to work with state and local governments and the private sector in the development of their mitigation capabilities through cooperative training programs and demonstration projects which will extend into 1988 and beyond.

Senator MITCHELL. Now, on the subject of ground water program funding, EPA is in the process of implementing its ground water protection strategy. Two important first steps were to establish an office of ground water protection and provide States with funds from the existing section 106 water program to develop and implement State ground water programs.

Now that the proposed budget for fiscal year 1987 suggests a cut of $13 million in water grants to the States from $65 million to $52 million, the final budget document does not mention funding for ground water protection, and the OMB passback document indicated that no funds were to be used to support State ground water programs.

So I would like to ask you a series of questions about that which are all related, and you can respond to them at once.

Does the agency support State initiatives to develop ground water protection programs? What is the Agency's policy on use of the fiscal year 1987 section 106 grant funds by the States to develop ground water program development? And do you think it is reasonable for State water programs to take a $13 million cut and then use the same grant to support development of State ground water programs which, of course, you say you favor?

Mr. THOMAS. The answer to the first question is yes. That is, can the States use those——

Senator MITCHELL. You support State initiatives?

Mr. THOMAS. I do.

One of the things, if you look at the overall State grant program, Senator, that I want to bring to your attention is that I feel there are increases in the State grant program related to ground water specifically as opposed to overall water programs. The State people and I have talked about this.

For instance, there is a substantial increase for the underground Storage Tank Program, which is largely a ground water protection program for States. There's an increase in the RCRA program, which as you know is a large ground water protection program.

One of the things, for instance, in a consolidated grant that we've talked about actively with the States is the interaction of those programs. Even without a consolidated grant, the States have looked at those grant programs as programs that are very helpful to them in developing and implementing an overall ground water protection strategy.

So, when I look at the $13 million decrease in the water grant, I have to put it in the context of the increases I have got in some other grants that actually are more targeted to ground water than that overall water grant is.

So our intent is to continue the support of the States' development of ground water programs. The OMB statement that was in the passback document was withdrawn. The Administration supports us going forward and working with the States in developing those ground water efforts. As a matter of fact, I have indicated to the States that if they've got a better idea and if they've looked at the way I arrayed the grant program within the $270 million, and particularly where I have got increases and decreases on something like ground water, then I want to hear it and I will be more than happy to transmit it to you along with them. I am sure they will do it independently.

But those two particularly I think are very definitely groundwater protection grant programs.

Senator MITCHELL. All right. My final area of inquiry involves nonpoint pollution. As you know, the Association of State and Interstate Water Pollution Control Administrators recently completed a major study on the problem of nonpoint pollution of water. Roughly one-quarter of the rivers and lakes assessed for the study were found to be moderately or severely impaired by nonpoint sources of pollution.

The OMB passback document indicates that only three positions were approved to address water pollution problems, nonpoint pollution problems, and that work is to be limited to Federal agency coordination. I would like again to ask you a series of questions relating to that area.

The first is what is your view as EPA Administrator on the seriousness of the nonpoint water pollution problem? If nonpoint sources are a major source of water pollution, shouldn't the EPA take a more visible and aggressive leadership role in dealing with the problem? Finally, did you ask the OMB to approve additional funds and staff to assist States in implementation of nonpoint programs? And if you did, please specify for me what additional resources you requested so that we can then have some idea of your estimate of the situation?

Mr. THOMAS. Senator, the overall issue of nonpoint source pollution is one that I think is a major issue as far as water quality is concerned and probably a more difficult challenge actually in dealing with than some of the point source problems we've dealt with over the last number of years, because the implementation of it is going to require a lot of voluntary action on the part of people—farmers, in the way they manage their land, and others—in dealing with the issue of nonpoint pollution.

We developed an overall strategy in the agency and we worked with other Federal agencies in developing a strategy with them, and we intend to go forward and carry it out. The administration supports that.

The number of FTE reflected in our budget, the three, is smaller than I requested—and if I can get the numbers, I will give you what our request was—it is larger than it has ever been before.

I made a speech not long ago and distributed it within the agency as basically a policy position on where we were going with nonpoint source pollution. It is very consistent with, I think, the findings of that State association who did that work for us under contract.

Our effort is largely a coordination effort. As far as the other Federal agencies and our agency, most of the action is going to have to be done at a local government level, coordinated by State government. So, working with State government through our normal water program with our 1,500 employees is going to be a major effort of the agency to now incorporate nonpoint sources as an issue that needs to be dealt with.

The overall request that I made of OMB was 15 to 20 FTE. I will have to get you the specific number.

Senator Mɪᴛᴄʜᴇʟʟ. All right. If you would do that, because as we develop the budget, one of the things that will be helpful to us is what your initial assessment of the situation is.

Mr. Tʜᴏᴍᴀs. We've already submitted that to your staff, Senator.

Senator Mɪᴛᴄʜᴇʟʟ. OK. Thank you very much, Mr. Thomas. I appreciate it. I will turn you over now to the good hands of Senator Lautenberg.

Senator Lᴀᴜᴛᴇɴʙᴇʀɢ. I thank you. We will try to do the right thing here. We will keep you just a few more minutes.

I wanted just to get back to that arsenic standard question that we left off with. Did you say that OMB had come back with comments to your Agency?

Mr. Tʜᴏᴍᴀs. There was a meeting, and I can't give you the specific date, but there was a meeting, I think, within the last couple of weeks between Chuck Elkins the Acting Assistant Administrator for the Air and Radiation and OMB staff, and there were discussions of the arsenic standard at that meeting.

Senator Lᴀᴜᴛᴇɴʙᴇʀɢ. No written comments that you are aware of?

Mr. Tʜᴏᴍᴀs. Not to my knowledge, Senator.

Senator Lᴀᴜᴛᴇɴʙᴇʀɢ. Do you want to take a look at that note first?

Mr. Tʜᴏᴍᴀs. This is just talking about time frames.

Senator Lᴀᴜᴛᴇɴʙᴇʀɢ. OK. Because if nothing has been submitted formally, then they are sitting on the rule and may be killing it by delay and not really reviewing it. That's a concern that many of us have here about OMB's position vis-a-vis the Agency that has functions to carry out.

Under the Clean Air Act and EPA procedures for OMB review of your rules, all written communications between OMB and EPA should be publicly available. Yet, using the arsenic standard only as an example, comments aren't there in writing. What are you doing to ensure that these requirements are complied with?

Mr. Tʜᴏᴍᴀs. We have to, under the air act, maintain a docket which is fully available for public review when the rule is promulgated.

Senator Lᴀᴜᴛᴇɴʙᴇʀɢ. Do you have any other options other than acquiescing in OMB's pattern of effectively vetoing rules by just delaying them?

Mr. Tʜᴏᴍᴀs. Not vetoing them; they're delaying them.

Senator Lᴀᴜᴛᴇɴʙᴇʀɢ. Well, that is, in effect——

Mr. Tʜᴏᴍᴀs. The issues that they have raised are issues that are legitimate issues to deal with. They're not easy issues in many of these rules to deal with. Arsenic is a good example of one that's not easy, given the changing nature of who we're trying to regulate.

They don't veto the rules. What they do is——

Senator Lᴀᴜᴛᴇɴʙᴇʀɢ. Except that by delaying them, effectively that kills them.

Mr. Tʜᴏᴍᴀs. No.

Senator Lᴀᴜᴛᴇɴʙᴇʀɢ. Well, if you're waiting for a response and you have an action that you want to take and you're obliged, at least based on operating procedure, to cooperate with them, even though you maintain that you have the final say on these things, the fact that it sits on somebody's desk over there.

Mr. **Thomas**. Well, Senator, if I felt the rule needed to be issued and there were not legitimate issues that needed to be resolved before it was issued, then I would issue it.

Senator **Lautenberg**. I would hope so. One of the things that I see because of my role on the Budget Committee, having talked to Mr. Miller, and obviously it's not a personal thing at all, it's just a question of the way OMB is presently functioning—I see them usurping power through regulatory reviews.

I am submitting for the record, Lee, a request to you to identify all the EPA rules which are pending for OMB's approval, including the status as to how long it's been pending and, where there are any statutory or judicial deadlines for their issuance, when you expect to issue them.

[The information requested follows:]

EPA REGULATIONS

Question: Identify all the EPA rules which are pending for OMB's approval, including the status as to how long it's been pending and where there are any statutory or judicial deadlines for their issuance, when you expect to issue them.

Answer: Following is a chart listing EPA rules and their pending deadlines.

As to whether EPA will honor deadlines even if OMB has not given full approval, E.O. 12291 does not require OMB "approval" before EPA can propose or promulgate a rule.

EPA makes every effort to meet statutory and court-ordered deadlines. Nevertheless, occasions do arise where it is necessary to miss a statutory or request an extension to a court-ordered deadline to complete the work that is essential to a high quality, technically supportable proposed or final rule. This is also true in the case of some rules that do not have statutory or court-ordered deadlines. IN the case of all rules, EPA makes every effort to complete action within the established deadline.

EPA REGULATORY ACTIONS AT OMB AS OF FEBURARY 14, 1986

TITLE	SENT-TO-OMB	STATUTORY/ JUDICIAL DEADLINE	NEXT ACTION
National Emission Standards for Haz Air Pollutants (NESHAP)for Inorganic Arsenic	2-19-85	statutory 1-84	final
New Source Performance Standards (NSPS): Volatile Organic Liquid (VOC) Storage Vessels *	8-19-85	judicial 8-82	final 7-86
NSPS: Kraft Pulp Mills Waiver and Revision	10-24-85	none (revision)	final 7-86
NSPS: Petroleum Refinery Waste-Water Systems	11-05-85	judicial 8-82	**NPRM 7-86
NSPS: Polymeric Coating of Supporting Substrates	11-21-85	judicial 8-82	NPRM 7-86
NSPS: Calciners and Dryers in Mineral Industries	12-20-85	judicial 8-82	
Emission Standards, Test Procedures and Cafe Equivalency Factors for Methanol-Fueled New Motor Vehicles	1-02-86		NPRM 2-86
NESHAPS: Coke Oven Emissions From By-Products Coke Oven Charging, Door Leaks, and Topside Leaks On Wet-Coal Etc.	1-15-86	statutory 2-85	NPRM 3-86
NSPS: Distillation Operations	1-27-86	judicial 8-82	final 7-86
NSPS: Synthitic Organic Chemical Industry: Air Oxidation Process	1-27-86	judicial 8-82	final 7-86
Federal Radiation Protection Guidance For Occupational Exposure (SAR 116103)	2-05-86		final 3-86
NSPS: VOC Emissions From SOCMI Reactor Processes	2-10-86	judicial 8-82	NPRM 3-86

*Note: According to the CAA, all (original source categories) NSPS were to be complete by 8/82.
**Notice of Proposed Rule Making (NPRM)

TITLE	SENT-TO-OMB	STATUTORY/ JUDICIAL DEADLINE	NEXT ACTION
Quality Assurance Procedures, Appendix F, Procedure 1	11-15-86		final 3-86
Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (The Uniform Act)	2-03-86	Presidential Mandate to publish by 2-27	final 2-86
Size Exemption For Pesticide Products Subject to Child-Resistent Packaging Requirements	8-18-85		final 2-86
Significant New Source Rule (SNUR) P-82-438 Benzoic Acid, 3,3'-Methylenebis (6-Amino, DI-2-Propeny) Ester (See SAR 517901)	11-17-85		final 2-86
SNUR For Hexamethylphosphoramide and Urethane	11-22-85		final 3-86
SNUR For Methyl N-Butyl Ketone	11-29-85		NPRM 3-86
Policy Statement Regarding Certain Microbial Products	1-14-86		final 3-86
Office of Solid Waste (OSW) Toxicity Characteristics	12-18-85		
OSW Interpretive Rule: Interim Prohibition Against Installation of Unprotected Lust	1-02-86		final 2-86
Small Quantity Generators (SAR 193501) (40 CFR Parts 260-265, 270 and 271)	2-12-86	stautory 3-31	final 3-86
Subpart A Provisions For SNURS	11-27-85		NPRM 2-86
Proposed Determination of Significant New Use PBBs and TRIS	12-24-85		NPRM 3-86
SNUR P85-703 Poly (2-Hydroxypropyl) Melamine, Polymers with 5-Isocyanato-1-(Isocyanatomethytl)-1,3,3-Trimethylcylcohexane, 2-Hydroxyethyl Acrylate Blocked	1-31-86		NPRM 6-86
Asbestos Abatement Projects (Revision)	2-05-86		NPRM 6-86

TITLE	SENT TO OMB	STATUTORY/ JUDICIAL DEADLINE	ACTION
SNUR For Pentachloroethane (SAR 530401)	2-13-86		NPRM 7-86
General Pretreatment: Response to PIRT	1-13-86		NPRM 4-86
Best Conventional Pollutant Control Technology (BCT) Cost Test and BCT Effluent Guidelines (Revision)	1-21-86		final 3-86
Amendments to the Procurement Under Assistance Agreements Regulation	8-27-85		NPRM & final 3-86
SNUR 84-1042-Methylammonium n-Methyldithicarbamate	12-04-85		NPRM 2-86
SNUR P-84 341, 342, 343,344 - Certain Acrylate Chemicals	12-18-86		NPRM 2-86
SNUR P-84 660, and 704 - substituted Acryl Olefin, Benzenes	12-18-85		NPRM 4-86
SNUR P-84 1054 and 1056 - Alkyl, Sulforic Acid, Ammonium Salt	12-24-85		NPRM 3-86

Senator **Lautenberg**. I am concerned that OMB has been abusing its role as coordinator, in fact, supplanting EPA's authority to act. I am also concerned about their power over the budget, making it difficult to resist OMB's attempts to indefinitely delay or kill or gut support for EPA rules.

Lee, I hope that we will, in closing now, be able to get your cooperation on not only permitting but encouraging the Superfund conference to get underway and not taking the pressure off by encouraging a 1-year extension. I just think that's a terrible mistake.

I am not satisfied, as you heard me say in the beginning, with EPA's budget. I know that you view your Department's responsibility for the deficit problems as a very serious one.

But I almost wish you would be more single mindedly focused on EPA's needs. It is again a paramount issue in the minds of the American public today and all of the environmental things, and you are in a position to do something about it.

I commend you for the work you've done. I would urge you, however, in this case, to give us the response in terms of the short-term results and what can be done if we have three 6-month extensions. Help us keep the pressure on.

I thank you very much for your appearance, Lee, at the hearing.

Mr. **Thomas**. Thank you, Senator.

[Whereupon, at 12:18 p.m. the committee was adjourned to reconvene at the call of the chair.]

[Mr. Thomas' written statement and responses to additional questions follow:]

STATEMENT OF LEE M. THOMAS
ADMINISTRATOR
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE
UNITED STATES SENATE

FEBRUARY 20, 1986

Mr. Chairman and Members of the Committee: I appreciate this opportunity today to review with you the current status of programs at the Environmental Protection Agency and to discuss with you the President's 1987 Budget Request. With me today are the Deputy Administrator, A. James Barnes, and the Assistant Administrators who manage our programs.

We believe the President's FY 1987 Budget strikes a balance between the Agency's mission to protect human health and the environment, and the Nation's need to move toward a balanced budget. Our 1987 request provides a stable and sound resource base that will enable the Agency to maintain the momentum it has developed in the past few years.

OVERVIEW

Our proposed 1987 Budget will bring about substantial environmental progress over the next several years. The President is requesting $2.43 billion supported by 13,161 workyears. The request includes $1.38 billion and 11,445 workyears for our Operating Programs. We are also requesting 1,716 workyears and $1.05 billion for the Superfund program.

In addition, the President will submit an amended 1987 request for the Construction Grants program of $1.8 billion once appropriate reform legislation is enacted.

Excluding Construction Grants, our 1987 request is an increase of $139 million, and a decrease of 200 workyears from the 1986 current estimate. The request amounts to an increase of 6 percent in dollars and a decrease of 2 percent in personnel.

The stabilized resource level proposed in our budget reflects the continued high priority the President places on the programs administered by EPA. This request is all the more significant when viewed in the context of the Administration's need to meet the requirements of the Balanced Budget and Emergency Deficit Control Act.

We support the Administration's and Congress' effort to reduce the deficit. Before discussing the details of the President's FY 1987 Budget Request, I would like to briefly discuss our assessment of the effect of proposed sequestration of fiscal year 1986 funds on the Agency's programs as a result of the Balanced Budget Act. Like other domestic agencies that have not been exempted, all of our appropriations subject to the provisions of the Act have been reduced by 4.3 percent. These reductions

WILL BE SPREAD EQUALLY AMONG ALL PROGRAMS, PROJECTS AND ACTIVITIES WITHIN THE AGENCY'S BUDGET, AS REQUIRED BY THE LEGISLATION.

WHILE IT IS HUMAN NATURE NOT TO WELCOME ANY REDUCTIONS IN WHAT WE BELIEVE ARE PROGRAMS OF HIGH PRIORITY TO THE AMERICAN PEOPLE, WE CERTAINLY CAN LIVE WITHIN THE BOUNDS OF THE REMAINING 95.7 PERCENT. I SAY THAT WITH CONFIDENCE, BASED ON A VERY CAREFUL REVIEW AND ANALYSIS THAT WE UNDERTOOK AND ARE STILL CONDUCTING AT EPA. WE WILL BE ABLE TO "TIGHTEN THE BELT" AND CONTINUE TO OPERATE VIABLE ENVIRONMENTAL PROGRAMS WITHIN THE FY 1986 CONSTRAINTS OF THE LEGISLATION.

I WOULD NOW LIKE TO FOCUS ON THE PRESIDENT'S PROPOSED 1987 BUDGET FOR EPA. FIRST, LET ME BEGIN BY SAYING THAT THIS BUDGET WILL PROVIDE SUFFICIENT RESOURCE LEVELS NEEDED FOR US TO MEET OUR LEGISLATIVE DEADLINES. IF WE ENCOUNTER ANY PROBLEMS MEETING THESE DEADLINES, IT IS BECAUSE OF THE COMPLEX AND TECHNICAL NATURE OF THE ISSUES INVOLVED, NOT THE LEVEL OF RESOURCES AVAILABLE. IN ADDITION, OUR REQUEST FOR SUPERFUND IS PREDICATED ON THE CURRENT ADMINISTRATION-SUPPORTED REAUTHORIZATION PROPOSAL AND WE MAY HAVE TO REVIEW OUR RESOURCE REQUEST ONCE THE REAUTHORIZATION PROCESS HAS BEEN COMPLETED. I WOULD LIKE TO NOW HIGHLIGHT SEVERAL OF THE KEY PROGRAMMATIC ISSUES CENTRAL TO THE PRESIDENT'S FY 1987 REQUEST.

THE CONTROL OF HAZARDOUS WASTE

UNCONTROLLED HAZARDOUS WASTES ARE ONE OF THE NATION'S MOST PRESSING ENVIRONMENTAL PROBLEMS. THE SUPERFUND PROGRAM WAS ESTABLISHED OVER FIVE YEARS AGO TO ADDRESS THESE PROBLEMS. SINCE THAT TIME, THE AGENCY HAS BEGUN WORK AT HUNDREDS OF HAZARDOUS WASTE SITES BY ADDRESSING BOTH IMMEDIATE THREATS TO HUMAN HEALTH AND INITIATING LONG-TERM CLEAN-UP ACTIONS.

THE 1987 REQUEST FOR SUPERFUND PROVIDES FOR A PROGRAM THAT WOULD CONTINUE AT THE LEVEL WE DEVELOPED IN OUR REAUTHORIZATION PROPOSAL TO CONGRESS. HOWEVER, THE TAXING AUTHORITY THAT SUPPORTS THE SUPERFUND PROGRAM EXPIRED LAST SEPTEMBER 30. UNTIL REAUTHORIZATION IS ACCOMPLISHED, THERE ARE INSUFFICIENT REVENUES TO SUPPORT A SUPERFUND PROGRAM IN 1987.

ALTHOUGH WE ARE TEMPORARILY SLOWED IN SUPERFUND, WE ARE PUSHING FORWARD RAPIDLY IN OUR IMPLEMENTATION OF THE HAZARDOUS WASTE REGULATORY PROGRAM UNDER THE RESOURCE CONSERVATION AND RECOVERY ACT. TO SUPPORT OUR EFFORTS TO IMPLEMENT EXISTING, AS WELL AS NEW, PROGRAM RESPONSIBILITIES REQUIRED UNDER THE RCRA AMENDMENTS, THE 1987 REQUEST OF 1,462 WORKYEARS AND $256 MILLION REPRESENTS A 20 WORKYEAR AND $18 MILLION INCREASE ABOVE THE 1986 BUDGET. MAJOR PRIORITIES IN THE

1987 HAZARDOUS WASTE BUDGET INCLUDE IMPLEMENTING A CORRECTIVE ACTION PROGRAM, RESTRICTING WASTES FROM LAND DISPOSAL, AND REGULATING UNDERGROUND STORAGE TANKS. WE ARE ALSO IMPLEMENTING THE NEW CORRECTIVE ACTION REQUIREMENTS CONCERNING THE HANDLING OF HAZARDOUS WASTES AT WASTEWATER TREATMENT PLANTS AND ANALYZING POSSIBLE FUTURE RESTRICTIONS ON THE UNDERGROUND INJECTION OF HAZARDOUS WASTE.

RESEARCH TO SUPPORT AGENCY PRIORITIES

OUR 1987 BUDGET PROVIDES THE AGENCY'S RESEARCH AND DEVELOPMENT PROGRAM WITH $295 MILLION. ALTHOUGH THIS REPRESENTS A REDUCTION OF 6 PERCENT BELOW 1986, THE REQUEST REFLECTS A CONSCIENTIOUS ATTEMPT TO FOCUS THE AGENCY'S RESEARCH PROGRAM ON AREAS THAT WILL YIELD THE GREATEST BENEFIT TO HIGH PRIORITY REGULATORY PROGRAMS.

OUR 1987 RESEARCH BUDGET WILL CONTINUE TO STRENGTHEN THE AGENCY'S CAPACITY TO MEASURE, ASSESS, AND CONTROL THE HEALTH AND ENVIRONMENTAL RISKS POSED BY SUCH CROSS-MEDIA PROBLEMS AS ACID RAIN, HAZARDOUS WASTES, AND TOXIC AIR POLLUTANTS.

FOR EXAMPLE, THE 1987 ACID RAIN RESEARCH PROGRAM WILL BE EXPANDED TO PROVIDE ACCURATE AND RELIABLE SCIENTIFIC INFORMATION ON WHICH WE CAN BASE SOUND REGULATORY DECISIONS.

OUR TOP PRIORITIES FOR ACID RAIN RESEARCH IN 1987 ARE:

- TO CAREFULLY ASSESS THE RELATIVE CONTRIBUTIONS OF VARIOUS SOURCES OF ACID DEPOSITION;
- TO DEEPEN OUR UNDERSTANDING OF THE DAMAGE DONE TO MATERIALS BY ACID RAIN;

THE TOTAL FEDERAL COMMITMENT TO ACID RAIN RESEARCH WILL BE $85 MILLION. THE AGENCY'S PORTION OF THE ACID RAIN PROGRAM WILL INCREASE BY 13 PERCENT TO $55.1 MILLION.

MAINTAINING THE AGENCY'S ENFORCEMENT EFFORT

OUR 1987 BUDGET WILL PROVIDE THE AGENCY WITH RESOURCES NECESSARY TO CONTINUE TO SUCCESSFULLY IMPLEMENT ITS ENFORCEMENT ACTIVITIES. TWO IMPORTANT AREAS RECEIVED INCREASES: HAZARDOUS WASTE, AND ENFORCEMENT AND COMPLIANCE MONITORING. THE PRESIDENT'S REQUEST INCREASES FUNDING FOR HAZARDOUS WASTE ENFORCEMENT ACTIVITIES BY 11 PERCENT. THIS INCREASE WILL SUPPORT OUR EFFORTS TO AGGRESSIVELY ADDRESS CONTAMINATION AT HAZARDOUS WASTE FACILITIES BY IDENTIFYING AND INVESTIGATING RELEASES, AND REQUIRING CORRECTIVE ACTION. ADDITIONAL ENFORCEMENT RESOURCES ARE ALSO REQUESTED FOR ENFORCEMENT AND COMPLIANCE MONITORING TO MAINTAIN OUR EFFORT TO REDUCE CIVIL CASE BACKLOGS AND TO ENHANCE THE CRIMINAL ENFORCEMENT PROGRAM.

THE 1987 REQUEST ALSO CONTINUES TO FULLY SUPPORT TWO MAJOR WATER ENFORCEMENT PROGRAMS, PRETREATMENT AND THE NATIONAL MUNICIPAL POLICY. THE BASIC PURPOSE OF THE PRETREATMENT PROGRAM IS TO CONTROL THE DISCHARGE OF TOXICS INTO PUBLICLY OWNED WASTE WATER TREATMENT FACILITIES. THE NATIONAL MUNICIPAL POLICY SEEKS TO ENSURE THAT ALL SUCH FACILITIES COMPLY WITH TREATMENT REQUIREMENTS BY THE DEADLINES SET IN THE CLEAN WATER ACT.

THESE FOCUSED ENFORCEMENT INCREASES REFLECT THE IMPORTANCE WITH WHICH WE VIEW THESE AREAS OF OUR RESPONSIBILITY. ALONG WITH ACTUAL ENVIRONMENTAL RESULTS, ATTAINMENT OF HIGH LEVELS OF COMPLIANCE WITH ENVIRONMENTAL STANDARDS IS THE AGENCY'S MOST TANGIBLE MEASURE OF SUCCESS. FAILURE TO AGGRESSIVELY ENFORCE THE LAW, LEADING TO LOW LEVELS OF COMPLIANCE, WOULD REDUCE THE OVERALL BENEFITS FROM OUR POLLUTION CONTROL INVESTMENTS.

MAINTAINING GRANT ASSISTANCE PROGRAMS

AN EFFECTIVE PARTNERSHIP BETWEEN EPA AND THE STATES IS ONE KEY TO SUCCESSFUL ENVIRONMENTAL MANAGEMENT. THE INCREASING NUMBER OF EPA PROGRAMS DELEGATED TO THE STATES UNDERSCORES THE NEED TO IMPLEMENT A CONSISTENT POLICY ON EPA/STATE RELATIONS. EPA'S 1987 BUDGET ALLOCATES A TOTAL OF $270 MILLION FOR GRANT ASSISTANCE PROGRAMS. WHILE THE

TOTAL GRANT LEVELS ARE REDUCED, WE BELIEVE THAT PROGRAM IMPACTS CAN BE KEPT TO A MINIMUM. WE INTEND TO WORK WITH THE STATES IN HELPING TO DEVELOP REASONABLE SYSTEMS THAT WILL INCREASE REVENUES TO OFFSET OUR PROPOSED REDUCTION. FOR EXAMPLE, I AM CONVENING A TASK FORCE TO EXAMINE NEW MEANS TO COLLECT USER FEES; THE STATES SHOULD BE ABLE TO TAKE ADVANTAGE OF EPA'S INNOVATIONS IN THIS AREA. HAZARDOUS WASTE GRANTS FOR RCRA IMPLEMENTATION AND UNDERGROUND STORAGE TANKS INCREASE BY $11 MILLION PRIMARILY TO SUPPORT REQUIREMENTS OF THE 1984 RCRA AMENDMENTS. THESE INCREASES WILL SUPPORT ADDITIONAL STATE EFFORTS TO ENFORCE COMPLIANCE AT HAZARDOUS WASTE FACILITIES, AND TO SUPPORT STATE UNDERGROUND STORAGE TANK ENFORCEMENT ACTIVITIES.

EPA ANTICIPATES THAT IT WILL SUBMIT LEGISLATION TO CONSOLIDATE ALL CATEGORICAL GRANTS CURRENTLY UNDER SEVEN ENVIRONMENTAL CONTROL PROGRAMS INTO A POLLUTION CONTROL BLOCK GRANT. WE ARE WORKING CLOSELY WITH OUR STATE PARTNERS TO REVIEW AND ASSESS THIS CONCEPT. THIS CONSOLIDATION SHOULD ENHANCE THE ABILITY OF STATE POLICYMAKERS TO ADMINISTER THESE PROGRAMS IN AN EFFICIENT MANNER AND INCREASE STATE FLEXIBILITY. DUE TO THE RAPID INCREASE IN REQUIREMENTS IMPOSED BY THE 1984 HAZARDOUS WASTE AMENDMENTS, THE HAZARDOUS WASTE PROGRAM WILL RETAIN ITS CATEGORICAL FUNDING UNTIL 1988.

THE PRESIDENT'S 1987 BUDGET CONTINUES TO MAINTAIN OUR COMMITMENT TO THE CHESAPEAKE BAY AND GREAT LAKES PROGRAMS. WE PROPOSE TO CONTINUE FEDERAL SUPPORT IN THIS, THE THIRD YEAR OF THE CLEANUP PROGRAM FOR THE CHESAPEAKE BAY AT THE $10 MILLION LEVEL. THIS $10 MILLION OF EPA SUPPORT IS DESIGNED TO HELP THE BAY STATES PRIMARILY THROUGH COST-SHARING GRANTS, WHILE CONTINUING EPA'S ROLE IN MONITORING AND MODELING. WE ALSO PROPOSE $5.7 MILLION FOR THE GREAT LAKES PROGRAM. IN ADDITION, OUR BUDGET REQUEST MAINTAINS SUPPORT FOR THE ESTUARINE PROGRAM FOR WATER QUALITY MANAGEMENT IN FOUR IMPORTANT COASTAL WATER BODIES. IN 1987, TWO ADDITIONAL NEW ESTUARINE INITIATIVES WILL BE SELECTED ON THE BASIS OF NATIONAL ENVIRONMENTAL PRIORITIES.

FOR OUR LARGEST GRANT PROGRAM, CONSTRUCTION GRANTS, THE PRESIDENT WILL SUBMIT AN AMENDED REQUEST FOR $1.8 BILLION AFTER APPROPRIATE REFORM LEGISLATION IS ENACTED. THE AGENCY CONTINUES TO SUPPORT THE ADMINISTRATION'S REAUTHORIZATION PROPOSAL TO PHASE OUT FUNDING FOR THE PROGRAM BY 1990 AND LIMIT FUNDING TO EXISTING PROJECTS THAT HAVE PREVIOUSLY RECEIVED FEDERAL FUNDS, THAT IS, TO FOREGO FUNDING FOR ADDITIONAL NEW STARTS.

Controlling Emissions of Hazardous Air Pollutants

In 1987 EPA will continue to place the highest priority in implementing a comprehensive national air toxics strategy. Consistent with the national strategy and guidance, State and local programs will be eligible for assistance to enhance capabilities to address multi-source pollutants in specific geographic areas.

Conclusion

These are some of the highlights from our 1987 budget request. I am very pleased by the outcome of this first stage of the budget process. We at EPA should feel good about the Administration's commitment to our mission, even in times of government-wide budget reductions. I believe this is a strong budget, -- one that will provide EPA with the resources we need to continue protecting human health and the environment.

Questions Submitted for the Record by Senator Stafford

FY 1986 OMB REQUEST

Question: Please provide a list of the specific items that were requested in EPA's budget submission to OMB but are not included in the President's budget request of the Congress. What is the budget authority requested by EPA for each item that was denied in the OMB passback and was not restored on appeal?

Answer: The following is a National Program Manager (Assistant Administrator) listing of specific items (excluding any Superfund) that were requested in EPA's budget submission to OMB but are not included in the President's budget request of the Congress:

(Dollars in Millions)

NPM	FY 1987 OMB Request	FY 1987 President's Budget	Difference	Major Projects With Funding Reductions
ORD	$338.8	$295.2	-$43.6	Acid Rain/LIMB/Grants and Centers
OAR	228.1	196.2	-31.9	NSPS/replacement of ambient air monitors/ SIP development/ enforcement/policy development/data management
OW	302.1	257.4	-44.7	Rural Water/106 Grants
OARM	253.4	205.0	-48.4	Support Services/RTP lab
OEA	23.9	19.8	-4.1	
OA	19.0	17.9	-1.1	
OIG	16.7	14.7	-2.0	
OPTS	134.2	115.6	-18.6	Existing chemical review/ additional registration standards
OSWER	225.3	199.3	-26.0	Less expanded RCRA grants
OECM	24.3	21.0	-3.3	No Expanded Criminal Invest.
OGC	13.2	10.7	-2.5	
OPPE	27.3	23.7	-3.6	
Grand Total	$1,606.3	$1,376.5	-$229.8	

We believe that the President's FY 1987 budget strikes a balance between the Agency's mission to protect human health and the environment, and the nation's need to move towards a balanced budget. This budget provides the much needed resources to those growth programs which have made significant environmental progress.

ENFORCEMENT

Question: The OMB passback indicates that an increase of 124 FTE for enforcement was recommended by the Director of the Office of Management and Budget to the President. What is the actual increase allowed in the President's request?

Answer: The President's 1987 Budget requests a decrease of 12 positions for the non-Superfund enforcement function from the 1986 enacted levels. The 124 FTE increase that you reference is relative to EPA's initial operating plan. That operating plan was in effect prior to enactment of the 1986 Appropriations Bill in late November.

Question: Did EPA originally seek an increase of more than 124 new FTE for enforcement?

Answer: EPA's request to OMB sought an increase of 172 positions for the non-Superfund enforcement function over 1986 enacted levels.

Question: Does the Agency believe that substantially more enforcement personnel will be necessary, if legislation reauthorizing Superfund, the Clean Water Act and the Safe Drinking Water Act is adopted?

Answer: The Agency is not in a position to speculate on the impact of potential reauthorizations on it enforcement resources. When a given act is reauthorized, the Agency will assess whether or not its existing resources are appropriate for carrying out its assigned responsibilities.

STRATOSPHERIC ALTERATION (CFC's)

Question: To the extent that it is available to EPA, the total regulatory and research budget for stratospheric alteration issues (e.g., climate change, ozone depletion, etc.). Sums should include budgets for other civilian agencies such as the National Aeronautics and Space Administration and the National Oceanic Atmospheric Administration as well as for the Environmental Protection Agency.

Answer: EPA's FY 1987 budget for stratospheric alteration issues totals 2 workyears and $1.3 million. Of the total, 2 workyears and $0.4 million is for the Office of Air and Radiation and $0.9 million is for the Office of Research and Development. The information for other civilian agencies has been requested from OMB.

1987 PASSBACK FOR ACID RAIN RESEARCH

Question: Please provide the OMB passback for the "complete Acid Rain funding program" that was provided to the Co-Chairs of the National Acid Precipitation Assessment Program. Also provide the President's actual request to the Congress for the NAPAP for fiscal year 1987.

Answer: In fiscal 1987, the President's government-wide budget for acid rain research totals $85.4 million. The FY 1987 acid rain budget request has changed as follows:

(Dollars in Millions)

Point in Time	EPA	Other Federal Agencies	Total Federal Program
OMB Request	$61.3	$30.5	$91.8
OMB Passback	$55.1	$30.3	$85.4
President's Budget	$55.1	$30.3	$85.4

ACID RAIN - MATERIALS DAMAGE RESEARCH

Question: The OMB Passback indicates that $1.5 million of the EPA request for research on materials damage resulting from acid rain was denied. Were those funds restored on appeal?

Answer: The OMB Passback for EPA's acid rain research program denied EPA's request for an increase in materials damage research. We did not appeal the OMB Passback for acid rain research.

Question: The summary of the EPA budget for 1987 mentions new research on materials damage resulting from acid rain. What is the total budget for materials damage research and what is the objective for this part of the acid rain research program?

Answer: EPA's budget request for materials damage research in 1987 is $1.0 million. The objective of this research is to determine how materials are damaged from acid deposition. This includes determining those materials and resources at risk and developing the information required to differentiate the effects of acid deposition from the effects of other natural and man-made sources.

INDOOR AIR

Question: The OMB passback indicates that the overceiling request for indoor air R&D was denied. Were these funds restored on appeal?

Answer: Yes, the funds were restored. In 1987, EPA is requesting $2.6 million for indoor air research. This amount includes $250,000 specifically for studies of mitigation techniques for radon gas. In addition to the above studies, the Drinking Water research program includes $370,000 for health and engineering studies on the radon problem in public drinking water supplies.

Question: The OMB passback states that the denial "maintains long established Administration policy that, to the extent any Federal role is appropriate, the Consumer Product Safety Commission and DOE should have the lead in the indoor air effort." Is that, in fact, an accurate statement of Administration policy?

Answer: Subsequent to the OMB passback, it was determined that EPA should have a role in indoor air research because of the potential connections between indoor air pollutants and ambient air quality.

DOE and CPSC, as well as other federal agencies, will continue to conduct indoor air research under the auspices of the Committee on Indoor Air Quality (CIAQ). EPA will continue to have a lead role in the CIAQ and will seek shared funding with member Agencies on projects of mutual interest.

Question: What is the role of EPA in determining Administration policy on indoor air pollution problems?

Answer: The Agency has determined that while EPA does not have a specific mandate to conduct research on indoor air quality, we do have authority to measure and evaluate total human exposure to airborne pollutants under the Clean Air Act. As an active member of the CIAQ, EPA will continue to work with other Agencies on studies of indoor air pollutants and appropriate mitigation measures.

INDOOR AIR (continued)

Question: Please request CPSC and DOE to provide the Committee with a complete statement and budget for their work on indoor air pollution.

Answer: The estimated FY 1986 and FY 1987 indoor air research budgets for these Agencies are as follows:

INDOOR AIR RESEARCH
(Dollars in Thousands)

	FY 1986	FY 1987
CPSC		
All Indoor Air	$1,275	$ 632
DOE		
Health & Environmental Effects	$1,600	$3,600
Energy Conservation	$1,900	$1,800
TOTAL DOE	$3,500	$5,400

The focus of CPSC research is on health effects and source identification. The pollutants of concern are chlorocarbons, combustion products, asbestos, allergens, and pathogens.

DOE's health research focuses on radon research, specifically entry mechanisms, radon behavior, and health effects in animals, humans within residences, and uranium miners. In addition, DOE supports extramural research on energy conservation, indoor air quality, and mitigation techniques.

AIR TOXICS

Question: The OMB passback indicates that only 50% of the EPA request for funds to accelerate the air toxics program was provided. Was any of the amount denied restored on appeal? If so, how much?

Answer: The Agency's FY 1987 budget request to OMB for air toxics totaled 271 workyears and $30.1 million in grant and contract dollars. The resources requested for air toxics in the President's budget total 230 workyears and $26.9 million, 85% and 89%, respectively, of our request to OMB. These workyear and dollar levels include new, reprogrammed, and existing resources.

Question: Is it Administration policy that an air pollutant poses a clear health risk only if it causes at least one additional cancer death per year? Is that a threshold used in establishing a Federal response?

Answer: EPA has not adopted any specific criteria used to trigger Federal regulation of air toxics. Acute health effects and the number and distribution of people at elevated individual cancer risk are considered along with estimates of nationwide cancer incidence. Also, in deciding whether to list or regulate under Section 112, EPA considers the effectiveness of further controls, the risk reduction that would be achieved, and the technical feasibility of additional controls.

NPS STRATEGIES

Question: The OMB passback indicates that "no resources are provided for EPA to force or leverage State nonpoint source programs." Testimony by the Agency before the Committee in the past have indicated that a "nonpoint strategy" would be developed within the Agency as a part of the 1987 budget request. Would you please describe the strategy in detail, including funding levels, personnel assignments, guidance for the States and the goals and objectives of the program.

Answer: EPA's Nonpoint Source (NPS) Strategy has seven key elements. In the area of Coordination with Federal Agencies, the Agency will work through its interagency NPS Task Force to encourage other Federal Agencies to intensify use of their existing resources and delivery systems to provide technical and financial assistance for NPS controls for State priority waters (ground/surface), will continue to use existing Memoranda of Understanding (MOUs) and to negotiate new ones as needed, and will attempt to ensure that implementation of new programs, e.g. the Conservation Reserve provisions of the recent Farm Bill, supports the achievement of NPS pollution control.

In the area of Federal Compliance, EPA will use Section 313 of the Clean Water Act and Executive Order 12088 to encourage compliance of Federal facilities with applicable State, interstate and local NPS pollution control requirements. In the areas of Problem Assessment, EPA will support Federal, State, and local Agencies in building upon the assessment work done under Sections 208 and 303 of the Clean Water Act, the Rural Clean Water Program, and biennial Section 305(b) Water Quality Inventory, including updating of the NPS Assessment recently completed by the Association of State and Interstate Water Pollution Control Administrators (ASIWPCA) under a cooperative agreement with EPA.

In the area of NPS Program Development, EPA will provide limited guidance and assistance to States and local governments on setting priorities, targeting activities in specific priority waters and utilizing existing Federal programs. In the area of Funding, EPA will continue to encourage use of existing funds under Sections 104, 106, 205 and 314 for assessing NPS problems, developing NPS programs and planning and demonstrating NPS control systems.

In the area of Technical Assistance Information Transfer, EPA will provided limited assistance to States and other Agencies in using existing methodologies and techniques to identify priority waters affected by NPS pollution and will facilitate technology transfer, information sharing, and experience trading among and between States and localities.

In the area of Oversight and Accountability, EPA will make maximum use of existing program reviews and oversight processes, (e.g. the Office of Water's Accountability System and Mid-Year Reviews), to evaluate existing NPS programs at all levels and to promote improvements. The Strategy is predicated upon using existing authorities, programs and activities of EPA, other Federal Agencies and the States and focusing them more tightly for more effective results. Highest priority will be placed upon coordination with other Federal Agencies; working with States to help them focus on carefully targeted, priority waters; and integrating NPS management concerns into all appropriate Agency programs.

Resources will be used to monitor and support implementation of the NPS Strategy, especially integration of NPS management objectives into all appropriate Agency program (e.g. Pesticides, Ground Water, Estuaries), and to provide active interaction with other Federal Agencies to ensure increased support by them for NPS objectives. Additional resources will be used to assure that Federal Agency programs at the State and county levels directly assist specific State NPS implementation efforts in priority waters.

RADON

Question: The OMB passback indicates that the overceiling request for a radon assessment strategy was denied in its entirety. Were radon research and response funds restored on appeal? If so, how much?

Answer: The radon funding was restored on appeal. The amount requested for FY 1987 is 20 FTE and $3.1 million, of which 20 FTE and $2.5 million is for the Office of Air and Radiation and $.6 million is for the Office of Research and Development.

Question: Please provide a copy of the OMB passback to DOE that is referred to in the EPA passback.

Answer: EPA is not in a position to obtain DOE's passback.

Question: Please discuss the data confidentiality problems referred to by OMB and steps that might be taken to assure that radon research does not have unwarranted adverse effect on property values.

Answer: The radon levels in individual homes produced by a national survey will not be available to the public. The identification of exact house locations is not necessary to assess the survey results; only data on approximate locations is needed. Therefore, information on individual homes will not be retained in EPA files and subject to the Freedom of Information Act. States working under their public information requirements will actually conduct a majority of the survey under EPA guidance.

CLOSING OF LABORATORIES

Question: Will EPA be closing the seven additional labs (mostly regional) as recommended in the OMB passback?

Answer: This budget request does not include plans to close or consolidate our Regional Laboratories. However, our established taskforce is continuing to review lab operations for possible consolidation in the future.

PESTICIDES MEDIA

Question: The OMB passback indicates that in FY 1988, all funds for the pesticides programs shall be recovered from registration fees. Please provide an assessment of the funds necessary to meet this target and the approximate fees that would result.

Answer: EPA anticipates that approximately $69.4 million in funds would be necessary to administer the pesticides programs in FY 1988.

The statutory authority, the Independent Offices Appropriation Act (IOAA) of 1952, which EPA is using to establish user fees, permits recovery of costs of providing special benefits. However, some activities may not satisfy the criterion of special benefits to identifiable recipients and thus not be recoverable under present legislative authority. It may also be desirable public policy to waive some fees for economic hardship or to promote the public interest.

There are several fee options under consideration. Under one option, fees could range from a high of $163,000 for the registration of a new chemical to a low of $600 for an amendment to an existing chemical registration. The other two options being considered focus on recovering generic chemical review costs ("reregistration"), and the Agency has not yet reached a "bottom line" amount on the portion of total generic chemical review program costs that can and should be recovered through fees. However, through registration and reregistration fees collected in FY 1987 to be used to offset program costs in FY 1988, the Agency plans to recover direct federal costs incurred in licensing and regulating chemicals in pesticides.

GENERIC CHEMICAL REVIEW PROGRAM

Question: The OMB passback indicates that all funds for the "Generic Chemical Review Program" will come from fees on pesticide registrations beginning in 1987. Does this statement have the effect of limiting the amount that can be spent on this program to the amount that is collected in fees?

Answer: EPA believes that the statutory authority, the Independent Offices Appropriation Act (IOAA) of 1952, under which the current registration fee proposal is being developed, requires the Agency to submit all fees to the Treasury as miscellaneous receipts. The Agency plans on proposing legislation that would make these receipts available to the program through either a special or revolving fund. The objective is for the program to ultimately be self-supporting and funded by the amount collected in fees. It would in no way limit the amount that could be spent on this program to the amount that is collected in fees.

BLOCK GRANT PROPOSALS

Question: At the same time it is recommending greater flexibility for States through a block grant of pollution control funds, the OMB passback also recommends that grants be used as leverage to force States to adopt fee systems in their environmental programs. Isn't there a substantial inconsistency in adding new conditions to State grants at the same time that they are being "blocked?"

Answer: The recommended adoption of user fees is not inconsistent with the concept of block grants. We are proposing to develop fee systems for certain Federal programs identified in the passback. As a part of this effort we also plan to identify programs where the adoption of fee systems may be advisable in the future. Some of these "candidate" areas may affect programs where authority can be or is currently delegated to the States. We are also intending to examine some areas where EPA might be able to provide guidance to the States that would allow them independently to institute fees that would insulate their operations from changes in Federal funding. The accelerated use of fees will increase total resources available for environmental progress. The mix of activities and distribution of funds would remain a State responsibility.

GRANT MAINTENANCE OF EFFORT REQUIREMENTS

Question: Maintenance of effort requirements are also among the kinds of "strings" that are typically removed when a program is block granted. Yet the OMB passback seems to indicate that new efforts to enforce the maintenance of effort requirement will be undertaken. Would you please describe these efforts in detail, including the program already implemented by the water office?

Answer: Based on an audit conducted by the Agency's Office of Inspector General in 1984, the Office of Water determined that a number of States were not meeting statutory maintenance of effort requirements. As a result, five States are increasing or preparing to increase the maintenance requirements in order to offset deficits identified in the audit. EPA has negotiated new maintenance levels with four states and is working with four more States to resolve maintenance of effort issues. The anticipated State payments to eliminate the deficits identified in the OIG audit are expected to total $3 to 5 million.

Question: In addition, the OMB passback attributes federal savings to this enforcement effort. How are the federal savings realized by assuring that States maintain their previous level of effort?

While the OMB passback had originally assumed savings that could be attributed to enforcement of these requirements in the water program, we have reached an agreement with them to continue our current efforts to require the effected States to exceed their required maintenance of effort levels in order to make up the shortfall originally identified by EPA.

Even under a block grant approach, if fewer than normal Federal dollars are allocated to the States, the shortfall can be made up by higher than normal State contributions. However, the distribution of allocated funds among programs would remain the sole discretion of the States.

HEALTH EFFECTS INSTITUTE

Question: Please comment on the following statement from the OMB passback. "Since the original purpose (mobile source pollutant R&D) of this institute (HEI) has been completed, EPA should reassess the need for continued funding prior to the 1988 Budget."

Answer: Currently, no funds have been allocated for the Health Effects Institute in the 1987 budget. However, EPA will continue to assess the need for future research on the health effects of mobile sources and will consider further joint efforts with HEI as the need arises.

The Health Effects Institute is an independent organization founded by domestic sellers of motor vehicles to perform health research on motor vehicle pollutants. EPA has contributed half of the funding for the Institute since FY 1981.

The HEI as well as EPA have been conducting studies on mobile source air emissions and criteria pollutants for a number of years. We believe this research has yielded considerable information in support of well-established regulatory programs for mobile sources and criteria pollutants.

EPA will continue to maintain a strong in-house health effects research program for airborne pollutants. Additional data needed to update mobile source standards can be developed by EPA researchers and supplemented by auto industry-supported studies at HEI.

CFCs

Question: The OMB passback indicates that it is the Administration position not to "further regulate CFC producing products." This statement is made in the context of a denial for funds and FTEs to support "CFC programmatic activities." What activities were proposed by EPA and were these activities restored on appeal?

Answer: EPA proposed activities in FY 1986 that would lead to a decision in FY 1987 on the need for any additional domestic regulation of CFCs. EPA will carry out analyses to provide a basis for such a decision. Key areas which will be considered in the analyses include: growth in CFC emissions, potential changes in the stratospheric ozone layer, potential health and other effects from exposure to increased ultraviolet radiation, potential climate effects, and costs of limiting future increases of CFCs. The FY 1987 request of 2 workyears and $1.3 million was restored upon appeal.

WETLANDS

Question: Please comment on the following statement from the OMB Passback. "Funding for overceiling wetlands initiative is not provided. The degree to which scientific research would improve on current practices is likely to be minimal since categorization is inherently arbitrary."

Answer: We feel that it is important that EPA study further the feasibility of using wetland categories as a basis for providing more environmentally effective and reasonably predictable EPA responses to proposed discharges of dredged and fill material. Therefore, we plan to continue with this effort, diverting some of our resources to it.

106 GRANT FUNDS FOR GROUND WATER

Question: Will Section 106 funds be set aside for groundwater grants to the States?

Answer: The Agency currently expects to have funds available under the Section 106 grant program in 1987 for use by States in developing ground-water strategies and addressing other critical ground water problems. Section 106 grant funds would be part of the block grant under which States would have maximum flexibility in the area of allocated grant funds. Even if the block grant proposal is not enacted since the allocation of Section 106 grant funds is by formula, no State will lose funds if it chooses not to conduct ground water activities suggested by the Agency.

BASIC ENVIRONMENTAL RESEARCH PROGRAMS

Question: The OMB passback contains the following statement, "the Federal government already provides several billion in basic environmental research programs through NIEHS, NSF, NAC, NIH, and NCI including grants, it is not clearly demonstrated why EPA must also have a basic research program." Please request OMB to prepare a budget summary on the environmental programs of the named agencies including only those grants and expenditures that would properly be classified as "basic environmental research."

Answer: A breakdown of budget data on basic environmental research supported by the above Agencies is not available. However, total expenditures for basic environmental research by all Federal agencies, as reported by the National Science Foundation, are as follows:

($ in Millions)

	1985	1986 (Est.)
Life Sciences	$3,766	$3,631
Environmental Sciences	$ 665	$ 704
Total	$4,431	$4,335

FREEDOM OF INFORMATION ACT PROCEDURES

Question: Will EPA be modifying its FOIA procedures as mandated by the OMB passback?

Answer: The Agency's Freedom of Information Act (FOIA) procedures are being modified in several ways in accordance with OMB's suggestions.

A new fee schedule has been established, effective January 17, 1986, articulating the costs to individuals and organizations with information requests which require EPA employee search time. The Agency maintains a list of fee waiver categories inclusive of public interest groups, non-profit organizations, State and Federal offices, and the media. A recent Department of Justice (DOJ) review, found EPA fee waiver policy in accordance with DOJ guidance. This responds to OMB concerns for correct procedures.

In addition, EPA will publish an updated FOIA manual by March, 1986. It is currently under internal Agency review. The manual and the establishment of an internal FOIA network are part of the Agency's efforts to be consistent, accurate and immediate in responding to increasing requests for information by the public.

TRAVEL: ASSISTANT ADMINISTRATORS AND OFFICE DIRECTORS

Question: Please indicate for each Assistant Administrator and Office Director the number of days that such individual was away from headquarters to deliver speeches or attend conferences and the travel and reimbursement costs associated with these activities.

Answer: Attached are copies of the EPA Speakers Calendar for the period January 1, 1985 to the present. This calendar, which is update twice monthly, provides information on all speaking engagements or conferences attended by the Agency's Assistant Administrators or Regional Administrators.

This calendar identifies the Agency official in attendance, the date and location of the event, the target audience, and the theme or major focus of any speeches given. This information is routinely compiled and is available to the public.

[Note: The speakers calendar referred to has been retained in committee files.]

DRINKING WATER BUDGET/GROUNDWATER PROTECTION RESEARCH

Question: A total decrease of $1,654,000 from the 1986 budget estimate is proposed for research and development activities supporting the drinking water program, $619,500 of which would be taken from environmental processes and effects research. What portion of the Agency's R&D effort for groundwater protection, outside of RCRA-related research, does this program represent?

Answer: The 1987 budget for Drinking Water groundwater research is $6.0 million, of which $5.0 million is for environmental processes and effects studies and $1.0 million is for groundwater monitoring research.

Question: State officials have consistently stated the need for additional federal research on fate and transport processes for groundwater protection and clean-up. Please provide the Agency's justification for the proposed decrease in view of the national need for such information to sustain related federal and state programs.

Answer: Although there is a decrease in the Drinking Water processes and effects program reflecting the completion of several studies related to basic transport and fate research, other processes and effects research, and the Agency's total groundwater research program, will increase. This includes a new effort to determine the effects of pesticides applications on groundwater.

Groundwater studies in the monitoring area will also be expanded. Increases will be applied to evaluation of monitoring methods for underground storage tanks, and standardization and quality assurance for groundwater sampling and other field methods.

The breakdown of groundwater research in all media (excluding Superfund) is as follows:

(Dollars in Thousands)

	1986 Current Estimate	1987 President's Budget
Drinking Water	$ 6,463	$ 5,969
Hazardous Waste	14,041	13,813
Pesticides	0	750
Interdisciplinary	517	540
Total	$21,021	$21,072

DRINKING WATER STANDARDS

Question: The proposed budget for drinking water criteria standards and guidelines would increase about $400,000 from the estimated 1986 figure.

What amount of resources were expended by the Agency to propose RMCLs and MCLs for 8 of the Phase I contaminants?

Answer: In total, the drinking water program has expended an estimated 51.1 workyears and $1.4 million in extramural funds since FY 1982 to develop Revised NPDWRs for volatile organic contaminants. This does not include the costs of such things as the Ground-Water Supply Survey (GWSS) of 1983-84, which supported regulatory decision-making, but only those resources for developing occurrence/exposure, health, treatment technology, monitoring and economic/regulatory impact assessments, writing, reviewing, and justifying the regulations. Eleven workyears and $450,000 were expended in FY 1985 alone.

Question: Will the proposed level of funding be sufficient to ensure that the Agency meets the 1987 schedule for proposal of MCLs for over 50 (Phase II and III) substances? When does the Agency expect to promulgate these standards?

Answer: The current regulatory schedules for Phase I-III are less sensitive to resource levels now that the basic developmental work has been completed or is underway. We believe we have sufficient resources to meet our current schedules. Our current expectation is to promulgate Phase II NPDWRs in the Spring, 1988, and Phase III in the Summer of 1988.

DRINKING WATER/PESTICIDES SURVEY

Question: An increase of $119,500 is proposed in the drinking water standards program for the purpose of the National Pesticides Survey. What was the original Agency's cost proposal for establishment of the Survey? How much is the Survey now expected to cost?

Answer: The original resource estimate for the Survey was prepared jointly between the Office of Drinking Water (ODW) and the Office of Pesticides Programs (OPP) when the Agency's FY 1987 submission to OMB was prepared. In this plan the $5.8 million estimated cost of the survey was to be spread over 4 years, FY 1985-88. The bulk of this expense would be incurred during FY 1986-87, when it was planned that the majority of sampling and analysis of 1500 water supply wells would occur. In FY 1985, ODW and OPP provided the first investment, from their existing resources, for the purpose of studying the objectives, feasibility, and prospective design of such a survey. ODW ended up using 7.2 FTE and $350 thousand extramural in this effort; OPP supplied $400,000, and used about 2.5 FTE.

The Administrator's decision last March to proceed without delay on such a survey after reviewing this preliminary work came after the submission of the FY 1986 request. ODW and OPP agreed to reprogram the staff and intramural resources required in FY 1986 to design, direct and provide Quality Assurance for the survey, and a "core" of extramural funds for such things as the sampling design, the evaluation of analytic methods, the selection of pesticides to be measured and preparation of health guidances. This amounted to $400,000. The Agency allocated an additonal $1.5 million to provide for the commencement of actual sampling and analysis near the end of FY 1986.

Question: What major modifications, if any, were made in the original study aims and procedures to reduce the proposed cost?

No modifications were made to the original study to reduce anticipated costs. However, the Agency is considering various options to simplify the design, to facilitate implementation, while not compromising the objectives of the survey. These include reducing the scope and objectives of the survey, reducing the number of sampling sites, stretching out the sampling and analysis. No decisions have been made as yet.

Question: When does the Agency expect to complete the Survey?

Answer: The Agency expects the completion of the sampling and analysis phase in mid-1988 and the first summary report by the end of the calendar year.

GOVERNMENT-WIDE ACID RAIN BUDGET REQUEST

Question: The total proposed budget for the National Acid Precipitation Assessment Program and its task groups. For each task group or major research undertaking, please provide the request submitted to the Office of Management and Budget, the passback (and explanation thereof), and the amounts contained in the President's budget.

Answer: The 1987 OMB request, OMB passback and explanation, and President's Budget for the National Acid Precipitation Assessment Program (NAPAP), by major research area, are presented in the attached charts.

FY 1987 OMB REQUEST
NATIONAL ACID PRECIPITATION ASSESSMENT PROGRAM
($ in thousands)

	EPA	USDA	NOAA	DOE	DOI	TVA	TOTAL
A. Natural Sources	---	---	$905	---	---	---	$905
B. Man-made Sources	$4,013	---	---	$950	---	---	4,963
C. Atmospheric Processes	18,071	---	2,105	5,015	---	$200	25,391
D. Deposition Monitoring	6,049	$394	1,138	997	$2,416	---	10,994
E. Aquatic Effects	18,034	210	---	250	2,075	---	20,569
F. Terrestrial Effects	11,966	9,389	---	40	1,010	200	22,605
G. Effects on Materials & Cultural Resources	2,513	200	---	---	1,098	---	3,811
H. Control Technologies	323	---	---	---	---	---	323
I. Assessments	331	---	---	1,950	---	---	2,281
TOTAL	$61,300	$10,193	$4,148	$9,202	$6,599	$400	$91,842

FY 1987 OMB PASSBACK
NATIONAL ACID PRECIPITATION ASSESSMENT PROGRAM
($ in thousands)

	EPA	USDA	NOAA	DOE	DOI	TVA	TOTAL
A. Natural Sources	---	---	$905	---	---	---	$905
B. Man-made Sources	$3,163[a]	---	---	$950	---	---	4,113
C. Atmospheric Processes	14,221[a]	---	2,105	5,015	---	$200	21,541
D. Deposition Monitoring	6,049	$394	1,138	997	$2,416	---	10,994
E. Aquatic Effects	18,034	210	---	250	2,075	---	20,569
F. Terrestrial Effects	11,966	9,389	---	40	1,010	200	22,605
G. Effects on Materials & Cultural Resources	1,013[b]	---	---	---	1,098	---	2,111
H. Control Technologies	323	---	---	---	---	---	323
I. Assessments	331	---	---	1,950	---	---	2,281
TOTAL	$55,100	$9,993	$4,148	$9,202	$6,599	$400	$85,442

Note: See the next page for an explanation of the footnotes.

NAPAP FY 1987 Budget Passback
Footnotes

Consistent with overall Administration policy, efforts were made to maintain level FY 1986 funding, while ensuring that important obligations and schedules will be met.

Footnotes:

(A) Provides $2.6M increase over 1986 Task Group C level (EPA) for model evaluation activities.

(B) Denies $1.7M increase over FY 1986 (in EPA and FS Budgets) for materials damage research, which is a low priority activity.

Appeals: The attached Agency funding distribution is suggestive. The Task Force will be held to task group totals only. Full discretion is provided to distribute funds by Agency/Department. Any change to task group levels can be made only on appeal to OMB through the NAPAP office.

FY 1987 PRESIDENT'S BUDGET
NATIONAL ACID PRECIPITATION ASSESSMENT PROGRAM
($ in thousands)

	EPA	USDA	NOAA	DOE	DOI	TVA	TOTAL
A. Natural Sources	---	---	$905	---	---	---	$905
B. Man-made Sources	$3,163	---	---	$950	---	---	4,113
C. Atmospheric Processes	14,254	---	2,105	5,015	---	$200	21,574
D. Deposition Monitoring	6,049	$394	1,138	997	$2,416	---	10,994
E. Aquatic Effects	18,034	210	---	250	2,075	---	20,569
F. Terrestrial Effects	11,966	9,389	---	40	1,010	200	22,605
G. Effects on Materials & Cultural Resources	1,013	---	---	---	1,098	---	2,111
H. Control Technologies	323	---	---	---	---	---	323
I. Assessments	331	---	---	1,950	---	---	2,281
TOTAL	$55,133	$9,993	$4,148	$9,202	$6,599	$400	$85,475

MANAGEMENT: OPPE STAFFING 1980-87

Question: The funding and staffing levels (including detailed staff) for the Office of Policy, Planning and Evaluation for each fiscal year since 1980, inclusive.

Answer: Resources for Office of Policy, Planning and Evaluation FY 1980-1987, includes headquarters, non-Superfund resources only.

	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987
TOTAL WORK YEARS	*	176.4	180.8	201.5	217.7	218.9	225.8	222.6
TOTAL DOLLARS (millions)	*	$12.9	$17.1	$19.3	$18.5	$21.7	$20.0	$21.2

*In FY 1980, policy offices were organized under the Office of Planning and Management. This office was reorganized in FY 1981. Our best estimate for FY 1980 policy and evaluation resources includes 88 permanent positions and $7.8M. All other fiscal years reflect both permanent and part-time workyears.

SUPERFUND

Question: Please provide information on the levels of program activity which could be maintained at various levels and periods of program funding for the Comprehensive Environmental Response, Compensation and Liability Act of 1980. Ranges of assumptions should include three months to five years in terms of time and $200 million to $1.5 billion in terms of annualized funding. You should specifically state what is the minimum level of funding required to avoid RIF's and contract terminations.

Answer: Attached is an analysis of the levels of program activity that could be maintained for three, six and twelve months at specific funding levels. The lower levels of funding could avoid RIF's and contract terminations for the shorter time periods.

$70 MILLION
(3 months)

SALARIES: Furlough process starts 5/86. Staff covered through 12/86.

ENFORCEMENT: Continue enforcement efforts until 12/86 (when staff runs out).

REMOVAL: Six removals/mo. thru 6/86 (35% of FY 85 rate).

RIFS: Incrementally fund ongoing projects thru 6/86.
No new starts.

RD: Incrementally fund ongoing projects thru 6/86.
No new starts.

RA: Incrementally fund ongoing projects thru 6/86.
No new starts.

CONTRACTS: Funding through 6/86.
Notice of potential termination to major ongoing contractors on 5/15/86. These include emergency response, sample management, and RIFS. Expiring contracts will not be replaced.

PROJECT STATUS: 271 projects will not be started on 6/86. This represents those new starts that were planned for the first nine months of FY 86. There will be 400 projects started before FY 86 that will still be ongoing on 6/86.

$140 million
(6 months)

SALARIES: Furlough process starts 8/86. Staff covered through 3/87.

ENFORCEMENT: Continue the enforcement efforts thru 3/87 (when staff runs out)

REMOVAL: Nine removals/mo. thru 9/86 (50% of FY 85 rate).

RIFS: Incrementally fund ongoing projects thru 9/86.
No new starts.

RD: Incrementally fund ongoing projects thru 9/86.
No new starts.

RA: Incrementally fund ongoing projects thru 9/86.
No new starts.

CONTRACTS: Funding through 9/86.
Notice of potential termination to major ongoing contractors on 8/15/86. These include emergency response, sample management, and RIFS. Some expiring contracts will not be replaced.

PROJECT STATUS: 334 projects will not be started on 9/86. This represents those new starts that were planned for FY 86. There will also be 334 projects started before FY 86 that will still be ongoing on 9/86.

$861 MILLION
(12 months)

SALARIES: Furlough process starts 2/87. Staff covered through 9/87.

ENFORCEMENT: Continue enforcement efforts until 9/87 (when staff runs out).

REMOVAL: 13 removals/mo. thru 3/87 (80% of FY 85 rate).

RIFS: Current projects continue, plus 105 program or enforcement lead starts.

RD: Current projects continue, plus 102 starts.

RA: Current projects continue, plus 45 starts.

CONTRACTS: Funding through 3/87.
Notice of potential termination to major ongoing contractors on 2/15/87. These include emergency response, sample management, and RIFS.

PROJECT STATUS: 258 projects will not be started on 3/87. This represents those new starts that were planned for FY 86 and the first half of FY 87, less the 252 new starts identified above. There will be 527 projects started that will still be ongoing on 3/87.

There will always be about nine months' worth of projects not started (250) that cannot be made up because of manpower constraints.

SUPERFUND BUDGET ALTERNATIVES

	$70M	$140M	$861M
Federal salaries, travel, supplies, and other personnel support costs	$25.0	$50.0	$123.9
Contracts, Cooperative Agreements, Interagency Agreements			
- Removal (Emergency Response thru ERCS, TAT)	9.6	25.2	132.3
- Remedial (PA/SI, RIFS, RD, RA thru FIT, REM)	22.7	36.3	455.3
- Response Support (Lab Analysis, ERT)	6.1	13.6	81.7
- Enforcement (Technical Support)	5.6	12.9	35.6
- Interagency (Contracts Only)	---	--	18.5
- Other (R&D, NEIC, OECM, etc.)	1.0	2.0	13.7
TOTAL	$70.0	$140.0	$861.0

Question Submitted for the Record by Senator Chafee

CFC REGULATION

Question: First, the greenhouse effect and the need for the Agency to pay more attention to it. There needs to be greater interagency and international cooperation. Despite OMB views to the contrary, EPA must devote adequate resources to carry out the recent NRDC consent decree on the regulation of CFCs (chlorofluorocarbons). There is also a need for international protocols on control measures for CFCs and other greenhouse gases.

Answer: To implement the consent decree with NRDC, EPA proposed activities in FY 1986 that would lead to a decision in FY 1987 on the need for any additional domestic regulation of CFCs. EPA will carry out analyses to provide a basis for such a decision. Key areas which will be considered in the analyses include: growth in CFC emissions, potential changes in the stratospheric ozone layer, potential health and other effects from exposure to increased ultraviolet radiation, potential climate effects, and costs of limiting future increases of CFCs. EPA has also scheduled meetings with other countries to discuss protocols. EPA's FY 1987 budget request for stratospheric alteration issues totals 2.0 workyears and $1.3 million.

LAND DISPOSAL RESTRICTIONS

Question: Senator Chafee has raised concerns on the legality of the recently proposed rule on land disposal bans under RCRA. The substance of that proposal will be the subject of a separate hearing on Monday, but he wanted you to be aware of the serious nature of the problems associated with it. In the budget context, he questions the wisdom of wasting money on proposals such as this one and suggests that you critically review the extent to which EPA is spending money on outside contract work and consultants reports that really aren't necessary.

Answer: Section 3004 of the Hazardous and Solid Waste Amendments of 1984 (HSWA) requires EPA to evaluate the land disposal of hazardous waste. The provisions ban the land disposal of hazardous waste unless EPA finds that further disposal in or on the land is protective of human health and the environment. Thus, the Agency proposed to allow continued land disposal of hazardous wastes in cases where the hazardous constituents migrate from land disposal units in concentrations that are not harmful to human health and the environment. The Agency believes that this approach is consistent with the intent of Congress as set forth in the statute. Several issues were raised in the proposed rule. The Agency will review all comments and revise the regulatory framework where appropriate. The Agency has used sound judgement in expending contracting funds in support of this proposed rulemaking. We believe that the background materials and analyses were necessary to support such a comprehensive regulatory scheme. We will continue to review the necessity for all contractor work very carefully.

Questions Submitted for the Record by Senator Bentsen

CONSTRUCTION GRANTS FUNDING

Question: When Congress enacted amendments to the Clean Water Act in 1981, it was with the understanding that the Administration would support funding of $2.4 billion per year through 1991. Why is the anticipated budget request only $1.8 billion.

Answer: The budget request is based primarily on a national recognition of the need to achieve a balanced budget by 1991. As part of this effort, the Administration has proposed a $6 billion, FY 1986-1989 phaseout of the construction grants program. The proposed additional funding, together with about $3 billion in unused prior year funds, will be dedicated to completion of projects under construction, particularly currently phased or segmented projects. The Administration intends to request appropriation of $1.8 billion for FY 1987 following passage of reform legislation meeting these objectives.

In addition, the phaseout proposal reflects the progress States and localities have made over the last few years in developing the institutional and financial capability to achieve self-sufficiency.

OCEAN INCINERATION PROGRAM

Question: The budget proposal includes an increase of over $1 million for the ocean incineration program. What activities will this increase support?

Answer: The FY 1987 budget proposal does not include an increase of over $1 million for the ocean incineration program. Instead, the funding request is essentially the same level as FY 1986. Activities under this program include: site designation and monitoring; research strategy implementation; and compliance monitoring. There is a requested increase of four workyears to support expanded Regional participation in the ocean incineration program through expanded public participation and outreach activities.

Question: What is the timetable for promulgation of ocean incineration regulations?

Answer: We hope to issue regulations by the end of Calendar Year 1986, following the completion of the elements of the Research Strategy for ocean incineration.

Question: Does the Agency anticipate issuing operational permits in FY 1987?

Answer: We expect to begin reviewing applications for operational permits in FY 1987; however, we will not begin the review process until the ocean incineration regulations are promulgated.

SAFE DRINKING WATER ACT REAUTHORIZATION

Question: Enactment of pending amendments to the Safe Drinking Water Act would substantially increase regulatory responsibilities to the Office of Drinking Water. The budget for drinking water actually declines 4% from 1986 spending estimates.

Do you anticipate that resources would have to be reprogrammed from other areas or that a supplemental appropriation would be needed to meet requirements in pending legislation?

Answer: The 1987 budget request for the drinking water program was formulated to meet the Agency's duties and obligations pursuant to the existing law. Although we did not try to anticipate legislative action on reauthorization, our current planned program activities and accomplishments correspond to possible new statutory requirements. For instance, our current NPDWR revision schedule would meet a substantial portion of the proposed bills' requirements regarding new drinking water standards. Similarly, the Agency's proposed regulations to require Public Water Systems to monitor for a host of unregulated volatile organic contaminants is very similar to requirements in bills that passed both Houses, but is being pursued now under existing authority of Section 1445.

In fact a closer review of our resource request for 1987 shows that regulatory/enforcement activities increase by almost 2% over 1986 levels inside the overall reduction to Drinking Water programs. Those regulatory activities are the ones that may be affected by reauthorization.

In the event new regulatory and oversight responsibilities are created for EPA by SDWA amendments, we will reappraise resource requirements.

GRAMM-RUDMAN-HOLLINGS REDUCTIONS IN 1987

Question: Is the Agency doing any advance planning in the event of a Gramm-Rudman-Hollings sequestration of funds? If so, please describe how reductions of 20% or more would be managed.

Answer: The Agency has not developed specific plans which anticipate reductions of 20% or more to our FY 1987 request levels. Our initial analyses indicate that reductions of that magnitude would severely impact our ability to avoid major disruptions on our workforce and our ability to maintain all our high priority programs.

There are many options the Agency could explore if faced with mandated budget reductions before it would be necessary to resort to unwanted personnel actions. For instance, we could institute an Agencywide hiring freeze, delay necessary support services and contract studies or seek flexibility between appropriation accounts.

Because of the multitude of potential options, it is difficult to speculate as to the precise level of reduction to our FY 1987 request which would necessitate such drastic action as furloughing or RIFs of the Agency's current workforce.

CONSOLIDATED ENVIRONMENTAL GRANTS

Question: In your view, what are the benefits of the proposed consolidated environmental grant concept?

Answer: While the Agency has not made a final decision on the exact nature of a consolidated or block grant proposal, the primary benefits we see are increased autonomy and flexibility for States in the management of various environmental programs.

Question: Is there currently one formula used in awarding the various grants proposed for consolidation?

Answer: No. Although many of the grants are formula-based, each uses a different basis for determining how funds are to be allocated to the individual States.

Question: Your testimony indicates that EPA will be forwarding legislation on this subject. When do you anticipate that it will be transmitted?

Answer: We plan to solicit input from the States on a series of options to implement this concept. One option, for example, is to make the block grant into a consolidated one, emphasizing State flexibility but retaining a base-level funding for each program. The Administrator will then work with the Office of Management and Budget to develop a specific legislative proposal. No date for transmittal of this proposal has been set, although we hope to transmit it in April.

Question: In your view, what if any conditions should be placed on a block grant to assure that States maintain all delegated programs to assure implementation of the legal mandates?

Answer: EPA argues that there are numerous benefits to be provided through the proposed pollution control block grant. First and foremost, each State will receive exactly the same level of funding that it would under the categorical grants. The difference is that the States -- not the Federal government -- will have the flexibility to allocate these funds exactly as they see fit. This flexibility will significantly affect their ability to address unique local problems.

The block grant provides other benefits as well, such as significant increases in administrative efficiency both at the Federal and State levels. This can be seen through the application process where the States will file one application instead of several. States will also have increased control over the way in which national environmental standards are met. Last, States will be held accountable to their citizens and local governments instead of to the Federal government.

There have also been strong positive reactions to the notion of increased funding flexibility on the part of State budget officers and national governors representing central management and policy officials at the State level. However, while a block grant proposal, if enacted, will have a significant effect on the way in which States manage grant funds, it is not intended to override basic requirements now contained in the various statutes governing EPA's programs. As mentioned, States will now be accountable to their citizens and local governments instead of to the Federal government. This accountability will ensure that States maintain and implement all delegated programs.

NOISE OUTLAYS

Question: The FY87 budget projects small outlays ($400,000 in FY86, $185,000 in FY87) for noise control. What are these funds supporting and do they result from prior budget authority for the noise control program or another source?

Answer: The noise control outlays projected for 1986 and 1987 are in support of obligations made in prior years from prior budget authority. Although EPA's noise control program was last funded in 1982, there are several outstanding contracts for which final payments have not been made. We are reviewing these unpaid obligations and will let you know if there is a substantial change in the amount remaining as valid claims for payment by this Agency.

RESEARCH: FUNDING FOR THE CENTERS OF EXCELLENCE

Question: Funding for the interdisciplinary research program declines 21% in the FY87 budget proposal compared to FY86. How will this decrease affect the Centers of Excellence? Please list estimated funding for each Center for FY85, FY86 and FY87.

Answer: Although funding for the interdisciplinary research program has been reduced in the FY 1987 budget, the estimated extramural funding for Rice University, University of Oklahoma, Oklahoma State University Consortium, University of Illinios-Urbana, University of Pittsburgh, University of Rhode Island, University of California Los Angeles, Illinois Institute of Technology, Cornell University, and Louisiana State University remains constant at $540 thousand in FY 1985, FY 1986 and FY 1987.

MANAGEMENT AND SUPPORT

Question: While the budget proposes a slight decline in the total workyears allocated for management and support, there is a four percent increase proposed in funding. What will this increase support?

Answer: The increase of approximately $12.8 million between the FY 1986 Budget Estimate and the FY 1987 Budget Estimate is primarily caused by an $11.2 million increase in Support Costs and a $2.3 million increase for the Office of Administration and Resources Management. The other offices in the Management and Support account have minor dollar increases or decreases.

The $11.2 million increase in Support Costs funds the ADP Regional Modernization Program and provides increases to cover cost escalations in basic services. Support Costs provide services to the entire Agency and are not directly tied to increases or decreases in FTEs in the Management and Support account alone.

Most of the $2.3 million increase for the Office of Administration and Resources Management will fund A-127, an expanded initiative in the Office of the Comptroller. This initiative implements OMB Circular A-127, which will integrate and improve the Agency's Financial Management System.

Question Submitted for the Record by Senator Burdick

HAZARDOUS WASTE MANAGEMENT

Question: The most recent amendments to the Resource Conservation and Recovery Act (RCRA) assign new responsibilities to the Agency, such as requiring regulation of underground storage tanks, small quantity generators, and municipal landfills. Is the 1987 budget request of $256 million sufficient enough to support the Agency's efforts in implementing the existing, as well as the new, program responsibilities required under RCRA? Under this funding level, will the Agency be able to meet the regulatory deadlines of the existing and new amendments? If not, which deadlines will be missed?

Answer: The FY 1987 budget level of $256 million and 1,462.3 FTE for the Hazardous Waste Media represents an increase of $18.4 million and 19.8 FTE over FY 1986. This increase reflects the strong support in the President's Budget for the Hazardous Waste program, given current budget constraints.

This resource level will be adequate to meet all major statutory deadlines. We anticipate meeting the November 1988 deadline as it pertains to permitting operating land disposal facilities. Also, the 1989 and 1992 deadlines for permitting incinerators and storage/treatment facilities should be met.

There are 69 regulatory or report deadlines in the 1984 RCRA Amendments. The statutory deadlines will not be met for the 24 deadlines listed below. The delays in meeting these deadlines largely result from the time it takes to gather necessary information for writing regulations, development and submission of information from the regulated community, and the need to resolve the many policy issues that arise.

Regulations	Statutory Deadline	Current Projection
1. Hazardous Waste tanks	3/85	6/86
procurement guidelines:		
2. - paper	5/85	6/86
3. - retread tires	10/85	6/87
4. - refined oil	10/85	4/87
5. - rubber asphalt	10/85	12/86
6. Hazardous waste export regulations	11/85	8/86
7. Containerized liquids in landfills	2/86	6/86

	Statutory Deadline	Current Projection
8. Burners/blenders waste-as-fuel - technical standards	11/86	5/87
9. Double liner/leachate collection (codification Part 2 without corrective action)	11/86	2/87
10. Leak detection	5/87	9/87
11. Air emissions (OAQPS)	5/87	mid-88
12. New petroleum underground storage tanks	2/87	2/88
13. Existing petroleum underground storage tanks	2/87	2/88
Listings		
1. Halogenated dioxins and dibenzofurans (wood preserving)	11/85	11/86
2. Petroleum refinery wastes (new)	2/86	10/86
3. Dyes and pigments	2/86	9/86
4. Inorganic chemical wastes	2/86	7/86
5. Coke by-products	2/86	7/86
6. Paint production wastes	2/86	5/86
7. Coal slurry	2/86	3/86
8. Chlorinated aromatics	2/86	6/86
9. Other dioxins	2/86	11/87
Reports		
1. Use of private inspectors (OWPE)	5/85	5/86
2. Small quantity generators waste management practices	4/85	2/86

IMPACT OF 1987 GRANT FUNDING LEVELS

Question: The Agency's 1987 budget allocates $270 million to support State and local environmental programs, a decrease of $12 million from 1986. These grants play an important role in maintaining and improving environmental quality in the States. What will be the extent of the program impacts due to the reduction in funds?

Answer: We do not currently expect the proposal reductions in 1987 to State grants to have a major impact on State programs. While grants in total do decrease slightly from 1986, the 1987 President's Budget does include significant increases for high priority programs such as hazardous waste and underground storage tanks, as well as funds, State may use for air toxics. The water Section 106 grant sustains the largest decrease from 1986, primarily as a result of work completed by the States such as pretreatment program approvals and elimination of major permit backlogs.

Question: What might be some possible means to increase revenues to offset the reduction?

Answer. Some possible avenues for increasing revenues by States to offset these reductions might include expansion adoption of fee systems for various types of services such as permits fees.

For example, 75% of States are authorized to collect fees under the Air program. States can also increase their appropriations for these programs.

We do not currently plan to require States to adopt similar fee systems, although we may be able to advise them if they conclude that fees are an effective means of generating revenue for their own environmental programs.

RESEARCH AND DEVELOPMENT PRIORITIES AND REDUCTIONS

Question: The 1987 budget provides the Agency's research and development program with $295 million, a reduction of 6 percent or $17 million below the 1986 level. On what priority basis will the Agency focus its R&D program?

Answer: The Research and Development budget has been crafted to focus our research on areas of greatest relevance to the Agency, while scaling back work in areas of less direct importance to the Agency's mission. Our 1987 research budget will strengthen the Agency's capacity to measure, assess, and control the health and environmental risks posed by such cross-media problems as acid rain, hazardous waste, and toxic air pollutants.

For example, the 1987 acid rain research program will be expanded to provide accurate and reliable scientific information on which we can base sound regulatory decisions.

Question: Which areas will suffer from the reduction in research funds?

Answer: The Agency is scaling back research that has yielded sufficient information to support well-established regulatory programs; for example, mobile sources research (-$2.6 million) and Great Lakes research (-$1.5 million).

We are also reducing the Agency's contribution to those areas of control technology research that industry is in a position to carry forward, such as the LIMB demonstration (-$4.2 million).

The Agency has eliminated funding for the Tufts University hazardous waste research center in 1987 (-$2.4 million). Because the Agency already funds a Hazardous Waste Center of Excellence operated in conjunction with Louisiana State University (under our Exploratory Research program) we believe that it is not cost-effective to support a second center devoted to this issue.

The Exploratory Grants and Centers request of $13.1 million reflects a reduction of $3.1 million from the 1986 current estimate. However, since the 1986 level includes a substantial Congressional add-on, the Administration's 1987 request for this program is actually higher than the 1986 request.

HAZARDOUS WASTE MANAGEMENT

Question: The funds for the Agency's hazardous waste enforcement effort were increased to $26 million. What enforcement measures will be added to ensure improvement in the rate of compliance with the RCRA program?

Answer: Achieving the goal of a high compliance rate with RCRA regulations will require strong efforts by EPA and the States over a period of several years. Enforcement actions by themselves cannot ensure compliance with RCRA regulations. The approach being taken by EPA and the States for improving RCRA compliance includes taking timely and appropriate enforcement action when violations are identified.

Additional EPA enforcement efforts are being directed at implementing the National Enforcement Response Policy for addressing significant violations of the RCRA program. Additional attention to the Civil Penalty Policy to ensure appropriate fines are levied against violators will be made. EPA oversight of State enforcement actions will continue to be exercised to ensure nationally consistent performance. Appropriate guidance (such as the RCRA Ground Water Monitoring Compliance Order Guidance) will be widely distributed to assist EPA and States in taking adequate actions against violations.

Our 1987 request provides resources to address compliance violations through timely enforcement action. The 1987 request supports enforcement for ground water monitoring requirements; enforcement of loss of interim status provisions, specifically false certification and facilities continuing to operate in violation of the law; and enforcement of closures in accordance with the regulations. It also provides resources for appropriate corrective action at facilities where a release has occurred.

PESTICIDES MEDIA

Question: The 1987 budget provides EPA $69 million for the Pesticides program, an increase of $2.6 million. Due to this increased funding, does the Agency expect to conduct more chemical reviews of new products than in 1986?

Answer: Review of New Chemicals continues to be a high priority in the pesticides program and every attempt will be made to maintain the originally planned production level for New Chemical Reviews in 1986. To the extent that this is successful, we would maintain that same level of activity in 1987.

Question: Will increased attention be focused on the process of bioengineering?

In the pesticides research area, the Agency plans to conduct research on the effects of microbial and biochemical pest control agents (MBPCAs) and products of biotechnology on humans and the environment. If necessary, EPA will also reprogram funds from research into regulatory and licensing decisions to meet with increasing industry demand for these federal services.

ASBESTOS FUNDS FOR 1987

Question: The 1987 budget provides the Agency $89 million for the Toxic Substances program, and a decrease of $47 million. It is noted that a large portion of the dollar reduction reflects the Agency's decision not to request funds for asbestos abatement financial assistance. On what grounds was this decision made?

Answer: EPA did not request funds for loans and grants under the Asbestos School Hazard Abatement Act for fiscal year 1987. We continue to believe that direct funding of abatement projects in schools does not represent the most effective use of Federal resources.

Question: What will be the future strategy for addressing the significant health problem caused by asbestos in public buildings.

Answer: EPA is continuing to provide abatement advice and technical assistance to contractors involved in school abatement, building owners, and other interested parties, as well as enforcing existing rules on school inspection and protection of abatement workers.

1987 DRINKING WATER FUNDING

Question: The Agency will receive $84 million for the Drinking Water program and $2.3 million for groundwater protection. The decrease in both aggregate totals raises the question of the priority EPA assigns to this issue?

Answer: The EPA priorities for both drinking water and groundwater remain high. The Agency fully supports the drinking water standards setting process, and the public water supply, underground injection control, and ground water programs. The decreases primarily are in the special studies and demonstrations grant to the Rural Water Association. We believe this association has successfully demonstrated the effectiveness of its approach and should now be self supporting. Additionally the Agency has not requested funds for State training grants based on the belief that such training is a State function that now can be supported with State funds.

WATER QUALITY PERMIT BACKLOCS

Question: The 1987 budget provides the Agency $217 million for water programs, a decrease of $27 million. In the past, backlogs in the process of issuing permits have been a problem for EPA's water quality program. Will this funding level be sufficient to handle the process without causing a severe backlog?

Answer: In the past, EPA has had a backlog of both major and minor permits. Over the last two years, the primary focus was to reduce the major permit backlog. By the end of 1985, all but 10% of the backlog had been eliminated.

Although we have not totally eliminated the major permit backlog, we have reduced it to manageable levels. The backlog is not one caused by insufficient permit issuance resources. The 1987 budget provides resources to ensure that there will be no increase in the major permit backlog.

The minor permit backlog, while still a problem, will be addressed through a significant increase in the number of minor permits issued in 1987. Specifically, a total of 1500 minor permits will be issued in 1987 as compared to 626 for 1986. This increase, however, will not result in the total elimination of the backlog by the end of 1987.

INDIANS POLICY

Question: I am pleased with EPA's November 11, 1984 policy for the administration of environmental programs on Indian reservations. This Senate Committee recognizes the policy and has included appropriate statutory language in pending legislation for Indian tribal governments. However, there is concern that EPA is not requesting adequate funds to implement its policy absent direct authorization of an Indian program in each enviromental area. Please identify the dollar amount requested in FY 1987 for each of the following areas in relationship to FY 1986, actual needs and projected cost of full implementation of the Senate Indian provisions continued in Superfund, Clean Water, and Safe Drinking Water legislation:

- Superfund
- Resource Conservation and Recovery Act
- Clean Air Act
- Clean Water Act
- Safe Drinking Water Act
- Environmental Policy Act
- Toxic Substances Act
- Surface Mining Control and Reclamation Act

Answer: EPA's approach to working with American Indian tribal governments is to integrate this program into our ongoing programs. Consequently we do not budget separately for the Indian program, but the Office of External Affairs does provide overall coordination. In this area we are spending about $500,000 in FY 1986 and have requested the same amount for FY 1987.

In addition, the Administrator has directed that his Assistant Administrators report their planned current fiscal year activities with Indian tribes, a summary of which we will be pleased to submit to you upon completion.

STATE GRANTS

Question: Would the policy shift from categorical state grants to block State grants make it easier to cut or eliminate the program in the future?

Answer: While some may contend that a proposal to block State grant funds will make it easier to cut or eliminate these programs in the future, the Administration's proposal is intended to provide States with increased flexibility and autonomy in administering environmental programs. Furthermore, the five year funding projections contained in the 1987 President's Budget for State grants do not contemplate reductions to the overall level of funding for our various grant programs.

Questions Submitted for the Record by Senator Lautenberg

COMPARISON OF OMB REQUEST TO PRESIDENT'S BUDGET

Question: Please provide a brief description and funding level for each EPA program for which OMB did not accept EPA's recommendation?

Answer: The Agency requested an additional $278 million in its OMB request. Of the additional $278 million requested in the OMB request, $48 million was for Superfund. The following chart provides a brief summary of program resources not accepted by OMB.

(Dollars in Millions)

NPM	FY 1987 OMB Request	FY 1987 President's Budget	Difference	Major Projects With Funding Reductions
ORD	$338.8	$295.2	-$43.6	Acid Rain/LIMB/Grants and Centers
OAR	228.1	196.2	-31.9	NSPS/replacement of ambient air monitors/ SIP development/ enforcement/policy development/data management
OW	302.1	257.4	-44.7	Rural Water/106 Grants
OARM	253.4	205.0	-48.4	Support Services/RTP lab
OEA	23.9	19.8	-4.1	
OA	19.0	17.9	-1.1	
OIG	16.7	14.7	-2.0	
OPTS	134.2	115.6	-18.6	Existing chemical review/ additional registration standards
OSWER	225.3	199.3	-26.0	Less expanded RCRA grants
OECM	24.3	21.0	-3.3	No Expanded Criminal Invest.
OGC	13.2	10.7	-2.5	
OPPE	27.3	23.7	-3.6	
Grand Total	$1,606.3	$1,376.5	-$229.8	

OMB PASSBACK - AGENCY APPEAL

Question: Please provide a brief description and funding level for each EPA program which EPA successfully appealed to OMB.

Answer: The Agency's appeal resulted in the restoration of $10.0 million and 208 workyears in the Salaries and Expenses appropriation and $7.5 million in the Abatement, Control and Compliance (AC&C) appropriation. These AC&C funds included $5 million for State Grants and $2.5 million for indoor air/radon.

The Agency was also given flexiblity to manage its resources. Within the constraints of overall resource levels, the Agency was provided discretion in the design and implementation of the Agency's programs. With this discretion, we were able to shift an additional $10.0 million to the State Grants program from within our overall funding level. This brought the total amount of State Grants funding restored from the original OMB Passback level to $15.0 million.

OMB PASSBACK POLICY STATEMENTS

Question: The OMB Passback to EPA contained a number of policy statements. What is the effect of these statements on policy at EPA?

Answer: In general, policy statements in the OMB passback will have little or no effect on the EPA. As part of the budget process, the Administrator appealed and got flexibility to effectively manage the Agency. The Agency views the OMB policy statemments as suggestions. To the extent we believe they are good suggestions we will, of course, implement them. However, we do not have an obligation to abide by them.

Question: What effect will these statements have for OMB regulatory review?

Answer: As discussed above, these statements will have little or no impact on OMB regulatory reviews.

FY 1987 REQUEST VERSUS FY 1981 BUDGET

Question: In FY 1981, the EPA operating budget (everything except Superfund and Construction Grants) was approximately $1.35 billion. The Administration's FY 1987 proposed operating budget is $1.377 billion. How big a cut does this represent in real terms from the 1981 level?

Answer: A comparison of the Agency's FY 1987 budget adjusted for inflation with the FY 1981 budget is an inappropriate bench mark against which to judge the adequacy of our 1987 operating budget. A comparison of that sort misses two critical factors which must be considered.

First, as with every government agency, programs mature and change over time. Since 1981, EPA programs and priorities have changed significantly. Work on many programs from 1981 has been completed or phased down. A few examples of these are:

- The Agency's Noise program was eliminated by the Administration and the Congress back in 1983.

- There has been a reduction in the Water program due to completion of court ordered effluent guidelines.

- FY 1981 was the final year of the Agency's $34 million Section 208 Planning program.

- The Agency's Energy program has changed dramatically since 1981. In the early 1980's this program was focused on the environmental effects of the growing synthetic fuels industry. In 1981, our Energy research request totalled $107 million. However, the synthetic fuels industry never proved as commercially viable as expected. In FY 1987 our Energy research request totals $59 million, none of which is for synthetic fuels research.

Second, in a year when mandatory reductions resulting from the recent Balanced Budget legislation are being applied to all nonexempt government programs, it is irrelevant to compare FY 1987 budget levels with FY 1981 budget levels. The Agency's FY 1987 budget is more appropriately viewed in the context of the President's need to attain the deficit reduction target for FY 1987 established by the Balanced Budget legislation.

When viewed in that context, the priority the President places on the programs administered by EPA is evident. The President's FY 1987 budget request for EPA provides a stable resource base which allows us to maintain the strength regained in our operating budget over the last several years.

FY 1987 STATE GRANTS VERSUS FY 1981 STATE GRANTS

Question: In FY 1981, the EPA's grants to states were $272 million. EPA's FY 1987 proposal is $270 million. How big a cut does this represent in real terms from the 1981 level?

Answer: A straight comparison of FY 1987 State Grant funding levels (adjusted for inflation) with FY 1981 funding levels is an inappropriate measure of the adequacy of our current request. Two critical factors which must be taken into account are missing.

First, the Agency's State Grants program in FY 1981 included substantial funding for several grants for which the Agency and Congress have decided are no longer appropriate candidates for funding. Examples of these include:

- Section 208 Grants - In FY 1981, the Agency's State Grants budget included almost $34 million for Section 208 Planning Grants. FY 1981 was the last year in which funding was provided for these grants.
- Resource Recovery - $4 million in funding was included in our FY 1981 State Grants budget. Again, FY 1981 was the last year in which funding was requested for these grants.
- Solid Waste - Over $8 million in funding was included in FY 1981. No subsequent funding has since been provided under this grant category.

Second, in the wake of the recent Gramm-Rudman-Hollings legislation we should be more appropriately focusing our attention on how well the Agency's State Grants program has done in FY 1987. One of the priorities we had as we looked toward FY 1987 was to try and ensure stability in our State Grant funding levels. The $270 million for State Grants included in the President's FY 1987 Request accomplishes that goal.

In general, comparisons between years is only relevant if the mix of activities stays the same over the period of time. This is clearly not the case for EPA.

MANAGEMENT: POLLUTION CONTROL INVESTMENT

Question: Can you explain why business has cut back on its investments for pollution control?

Answer: National accounting data indicate that there have been reductions in business investments in pollution controls relative to levels seen in the 1970's. However, this does not imply that business is spending less to control pollution. This is because: 1) investments made in the 1970s represent initial capital expenditures that do not yet require replacement, and 2) many toxics control efforts do not appear in the national accounts as business pollution control investment.

Rising investment in pollution abatement equipment in the 1970s reflected initial outlays to meet requirements of the Clean Water Act and Clean Air Act. The average life of pollution control equipment is on the order of 15 years. Therefore, we do not expect to see large capital outlays for replacing pollution control investments made in the 1970s until the late 1980s and 1990s. Reductions in pollution control investments observed since 1980 reflect this. Further, may of the pollution control investments made in the 1970s involved the fitting of equipment at existing production facilities. As time passes and the regulated community matures, new and cleaner production processes are adopted and new facilities built. These environmentally beneficial investments would not show up in business surveys as pollution control expenditures per se, but as investment in plant and equipment generally.

The decline in real investment in pollution controls also reflects the different nature of toxics regulation. The screening and control of chemical products under the Toxic Substances Control Act (TSCA) and the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) do not require outlays for pollution control equipment. Likewise, expenditures made under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) to clean up Superfund sites would not show up as business investment.

One also expects to see investments decline after 1980 because of general economic conditions. The investment pattern of the early 1980s reflects the recession and the sharp rise in interest rates. Corporate bond rates jumped by more than two points between 1980 and 1981 (an increase of nearly 20 percent on borrowing cost), and only approached 1980 levels again in 1983. The reduction in pollution control investments has been consistent with changes in total investment. In fact, pollution abatement investments have been a gradually declining share of total new plant and equipment expenditures since 1975.

In sum, declines in real business investment for pollution controls since 1980 reflect the operating life of conventional pollution controls -- investments in replacement equipment generally are not expected for several years. The decline also reflects the fact that many toxics controls do not require investments in new equipment. Instead, they often are realized through modernization and process change that are not captured in the national accounts as "pollution control investment".

INCREASING EPA RESPONSIBILITIES

Question: Since 1981, the Administration has received additional responsibilities, such as those established by the 1984 amendments to RCRA. At the same time, EPA has initiated or expanded programs in a number of areas such as acid rain, air toxics, radon and groundwater. How can EPA do a credible job with additional responsibilities and fewer resources in real terms than it had in 1981?

Answer: Although EPA has received additional responsibilities such as air toxics, indoor air and radon in recent years, the costs of these new initiatives have been offset by the completion of initiatives started since 1981. By reprogramming these base resources as well as the offsetting start-up and close-out costs, the new initiatives can be undertaken with few, if any, resource increases in real terms over the 1981 resource level.

1987 WATER QUALITY FUNDING

Question: Funding for water quality programs would decline by over 10% compared to FY 1986 levels if the EPA budget is implemented. Please explain the basis for this decrease, and compare the President's water quality proposal in real terms with FY 1981 funding.

Answer: Funding for water quality programs declines by $27.7 million, or 11%, from 1986. Of the total reduction, $23.8 million, or 86%, occurs in the abatement, control, and compliance appropriation, primarily in the following areas:

Section 106 Grants -- $-10.0 million due to completion of major activities by States.

Clean Lakes Program Grants -- $-4.8 million not requested in 1987 due to proposed State assumption of program responsibility.

Water Quality Enforcement Grants -- $-4.0 million not requested in 1987. The 1986 funding was a one time addition provided by Congress.

Corps of Engineers Interagency Agreement -- $-.3 million due to lower numbers of active construction grants projects.

Operator Training Grants -- $-1.9 million not requested in 1987 due also to State assumption of program responsibility.

The remainder of the decreases to the water program occur in research and development, primarily due to the completion of several research studies on environmental processes and effects and control technology evaluations.

In real terms, the 1987 is request is approximately $43 million lower than the 1981 funding levels. Such a comparison is not particularly valid, however, in that it does not take into consideration such factors as increased State delegation and programs for which funding has been discontinued by the Congress such as 208 grants.

ENFORCEMENT AND RESEARCH AND DEVELOPMENT BY MEDIA

Question: Please compare funding difference both in dollar amounts and in real terms between FY 81 and the FY 87 proposal for enforcement and research and development by media.

Answer: A comparison of dollars for enforcement by media is displayed below. Individual media comparisons are not very meaningful because of the 1982 enforcement reorganization which shifted legal resources from the individual media to the Interdisciplinary media.

(Dollars in Millions)

Media	FY 1981 Operating Plan	FY 1987 President's Budget	Change
Air	$ 30.4	$ 22.0	-$ 8.4
Water	32.2	33.4	+ 1.2
Drinking Water	.8	1.2	+ .4
Hazardous Waste	3.3*	26.5	+ 23.2
Pesticides	15.2	15.9	+ .7
Interdisciplinary	3.8	20.6	+ 16.8
Toxics	5.1	10.7	+ 5.6
Noise	1.2	0	- 1.2
TOTAL	$92.0	$130.3	+$38.3

* This figure does not include Hazardous Waste Permitting which was moved out of the Enforcement function or resources for Uncontrolled Hazardous Waste Sites which are now in the Superfund Appropriation.

A comparison of dollars for research and development by media is displayed below:

(Dollars in Millions)

Media	FY 1981 Operating Plan	FY 1987 President's Budget	Change
Air	$66.9	$63.3	-$ 3.6
Water	62.2	24.4	- 37.8
Drinking Water	26.3	22.5	- 3.8
Hazardous Waste	29.9	50.6	+ 20.7
Pesticides	10.4	13.2	+ 2.8
Radiation	2.8	.2	- 2.6
Interdisciplinary	5.5	19.4	+ 13.9
Toxics	34.7	32.4	- 2.3
Energy	104.5	59.6	- 44.9
Management & Support	8.8	9.7	+ 1.1
TOTAL	$352.0	$295.3	-$56.7

CONSTRUCTION GRANTS

Your FY 1987 proposal for funding construction grants calls for a phase-out of the program by the end of FY 1989 and a prohibition on the funding of new construction starts. EPA's 1984 needs survey indicates that the backlog of so called "eligible" projects is over $50 billion with another $50 billion needed for so called "ineligible" projects. At the same time, municipalities are facing the 1988 deadline for providing secondary treatment. Municipalities which fail to meet this and other requirements may be subject to construction bans.

Question: Assuming that your budget proposal is implemented, what is the estimate of the remaining "eligible" and "ineligible" project needs not addressed by Federal funding?

Answer: Under the Administration's budget proposal, $23.9 million of "eligible" needs and $44.6 billion of "ineligible" needs for the existing population will remain. Needs currently eligible for Federal assistance represent the capital investment necessary to construct treatment plants, correct infiltration and inflow, and construct new intercepter sewers. Ineligible needs include the cost of replacement and rehabilitation, new collector sewers, and combined sewer overflow controls. The Administration's legislative proposal will complete funding needed to ensure meeting our obligation to complete ongoing phased and segmented projects.

Question: Most States and local governments are under restrictions, many constitutional, which limit the amount of government-backed debt which can be issued to finance capital construction. Has EPA done an analysis of the extent to which State and local governments will be able to issue debt obligations to fund sewage facility construction? If so, please provide the Committee with a copy of the analysis. If not, please explain why you did not prepare this analysis.

Answer: EPA has not done any studies specifically related to debt limitations. EPA has recently completed a draft study of 18 State programs that summarizes the recent activity to create alternative State-financed programs to meet wastewater construction needs as the Federal program phases out.

Question: Did EPA calculate the degree State and local taxes will have to be increased to make up for loss of Federal funds? If so, please provide the Committee with the analysis. If not, please explain why you have not prepared this analysis.

Answer: EPA has not calculated the increased State and local financial burden resulting from the reduction in Federal funds. A number of States have reported a variety of successful State-supported alternative financing approaches; a number of additional States are considering implementing revolving loan and bond assistance programs to meet construction needs as the Federal program phases out. With respect to local governments, the Clean Water Act and the National Municipal Policy clearly established local responsibility for compliance, including construction in the absence of Federal funds.

Question: Did EPA calculate the number of municipalities it expects will not meet the 1988 secondary treatment requirement?

Answer: EPA has not completed its estimate of the number of municipalities that are expected to miss the July 1988 compliance deadline. There are about 1500 major Publicly Owned Treatment Works (POTWs) in the Nationa Municipal Policy (NMP) universe that require construction to meet secondary treatment or advanced treatment where water quality standards are controlling. As of the end of the first quarter FY 1986, about 1100 have either returned to compliance or are on enforceable construction schedules. Of the remainder, about 400 are not yet on an enforceable schedule to meet statutory requiremtns. EPA expects to place these on schedules during FY 1986. Thus far, only 30 to 40 of the uncompleted majors in the NMP universe have schedule dates extending beyond July 1988. This is about two percent of all uncompleted majors. However, a higher percentage of the remaining 400 may have schedules past July 1988 since these probably encompass some of the more difficult cases for establishing schedules.

Question: Did EPA calculate the impact of slowed economic growth that would result from the imposition of construction bans? If so, please provide the Committee with a copy. If not, please explain why you have not prepared this analysis.

Answer: EPA has not done a formal study, but does not anticipate that local construction bans or slowed economic growth will result from phase-out of the construction grants program. The National Municipal Policy, issued in early 1984, clearly established local responsibility for coming into compliance by July 1, 1988 deadline, whether or not construction grants funds would be available. EPA and States have notified affected communities, issued appropriate compliance orders and enforcement actions; and provided technical assistance to selected small communities to help maintain needed progress.

Question: Does the Administration's budget recommendation indicate that we should weaken water quality requirements such as the 1988 secondary treatment requirement?

Answer: The Administrator's budget proposal does not signal any intent to weaken water quality requirements. We strongly support compliance achievement by the 1988 statutory deadline and, implementing the National Municipal Policy, and working with States to ensure full compliance. Based on the 1981 Amendments, the Agency has issued revised secondary treatment regulation to provide design and operational flexibility to appropriate municipalities.

Question: What impact would the President's tax reform proposal have on municipalities' ability to raise funds for sewage facility construction?

Answer: The Administration's tax reform proposal would not eliminate private sector funding (privatization) of wastewater treatment works, but it would make privatization less attractive to investors by eliminating the 10 percent investment tax credit; extending accelerated depreciation from the present five years to a much longer period; and restricting the use of tax-exempt industrial development bonds. To the extent that these measures discourage privatization, municipalities may be less inclined to choose privatization as an alternative method of meeting wastewater treatment needs. Another aspect of the Administration's tax reform proposals would eliminate the deductability of State and local taxes. We have not analyzed the impact of this proposal on funding for construction.

It should be noted, however, that the President's proposal will not impede the ability of municipalities to raise funds through other methods such as the sale of bonds.

NONPOINT SOURCE POLLUTION

Question: Please describe the funding level and program activity EPA recommended to OMB for nonpoint source pollution.

Answer: EPA recommended 30 FTEs and $2,000,000 in Abatement, Control and Compliance for negotiating and directing technical assistance for nonpoint source (NPS) activities of other Federal Agencies and providing oversight of State nonpoint source programs being implemented in priority waters.

RAW SEWAGE

Question: What is the status of construction of the North River and Red Hook sewage treatment plants?

Answer: Construction of both projects is currently ahead of the consent decree schedule.

Question: Do you expect that the plants will meet the court imposed deadlines for construction and operation of primary and secondary treatment?

Answer: Yes. The plants are expected to meet the court-imposed deadlines.

OCEAN DUMPING

Question: What is your position on the House-passed ocean dumping bill, H.R. 1957?

Answer: While the Administration supports the reauthorization of the Act and the authorization of user fees to cover program costs, the Administration does not support the enactment of H.R. 1957 for several reasons:

In general, the additional procedural requirements included in Section 2 of the bill will only serve to increase the regulatory burden on EPA and the Corps of Engineers, unnecessarily increase the complexity of the site designation process, increase the chances of extensive litigation, and provide little additional environmental protection.

More specifically, the bill's imposition of rigid designation criteria, and its rescinding of discretionary site designation authority will severely curtail flexibility. and limit the Agency's ability to respond to short-term or emergency situations. EPA's current site designation and permitting process ensures that only suitable sites are available to users.

Question: Does the EPA FY 1987 budget include funds for designating the new Southeast New England sewage sludge dumpsite?

Answer: No funding has been requested to designate a new Southeast New England sewage sludge dumpsite.

Question: What is the status of Boston's application to ocean dump sewage sludge?

Answer: The Agency has determined that the initial application by the Massachusetts Water Resource Authority to ocean dump sewage sludge was incomplete and we requested additional information. We have been told that we can expect an updated application by May 1, 1986.

Question: The EPA proposed budget contemplates revenues of $9 million from ocean dumping user fees. How did you arrive at this figure?

Answer: The President's FY 1987 budget request for the Agency includes $21 million in offsetting receipts. These revenues will be derived from pesticides registration, toxic substances premanufacture notification and ocean disposal fees. The revenues contemplated for ocean disposal are $4 million rather than $9 million and are based on estimates of costs related to the administration of services rendered to ocean disposal permittees.

Question: Have you done an analysis of the effect that this user fee will have on local sewer rates?

Answer: An analysis of the effect of this user fee on local sewer rates has not been completed. However, we would propose a user fee system through a rulemaking process to give all interested parties an opportunity to present their views. During this process, we would carefully evaluate statutory directives and all relevant comments. In connection with this rulemaking, EPA would conduct an economic analysis to evaluate its impact on the regulated community.

Question: What is the status of efforts to move sewage sludge operations from the 12 to the 106 mile dumpsite?

Answer: Our efforts are on schedule. The first authority, Westchester County, will begin dumping at the 106 mile site on March 17, 1986. Naussau County will begin dumping at the 106 mile site in April and 25% of the New Jersey sludge and 10% of the New York City sludge will begin being dumped at the 106 mile site on May 1.

Question: Will EPA require that vessels dumping at the 106 mile site have a shiprider or a "black box"?

Answer: EPA does not have the resources for an active surveillance and enforcement program such as a shiprider on every vessel. Instead, we rely on review of self-monitoring reports and information obtained from U.S. Coast Guard operations such as shipriders, inspectors, and vessel and aircraft surveillance.

We understand the Coast Guard is developing a "black box" which would allow electronic surveillance of ocean dumping activities.

Question: What is the status of EPA's proposed Section 405 (Clean Water Act) sewage sludge regulations?

Answer: The Office of Water Regulations and Standards (OWRS), within the Office of Water, has been assigned the task of developing technical regulations, pursuant to section 405(d) of the Clean Water Act, for the disposal of municipal sewage sludge. The regulations will be developed for the reuse/disposal options: Distribution and Marketing, Land Application (food chain and non-food chain), Landfill, Incineration and Ocean Dumping. The major efforts in 1984 and 1985 included: the development of hazard indices for the various reuse/disposal options; initial development of environmental profiles for determining potential pollutants of concern; and draft risk assessment methodologies. In 1985 OWRS issued a definitive list of pollutants of concern based on final environmental profiles and hazard indices.

In 1986 OWRS will (1) finalize the risk assessment methodologies for the five reuse/disposal options; (2) derive criteria and management practices for the pollutants of concern; (3) generate technical support documents needed for each of the regulations. OWRS work in FY 1986 will be accomplished by 8 people and $940 thousand dollars contractual assistance. ORD has 3.5 staff years allocated to support OWRS in this effort.

Also, in FY 1986, economic and benefits analyses will be conducted and included in the technical support documents. Upon completion of these documents, five draft regulations will be developed and proposals issued in September 1986.

Planned Activities for FY 1987: Regulations will be promulgated by September 30, 1987, after addressing public comments. Initiation of a second round of rulemaking will occur by developing hazard indices on a second group of pollutants of potential concern in sewage sludge. This activity will respond to the Congressional view that selection of pollutants for regulation under Section 405(d) is a dynamic process. As more informatin becomes available, certain additional pollutants may have to be regulated. Also in FY 1987, OWRS will be issuing guidance to the Regions and States on the implementation of the Section 405(d) regulations. This effort will be closely coordinated with OMPC and implementation of the State Sludge Management Program Regulations. Eight FTEs and $1 million contractual assistance are needed to support the FY 1987 effort.

Question: How long has OMB reviewed EPA's State program requirements regulations?

Answer: EPA's State Sludge program requirements regulations were published for comment on February 4, 1986, following release by OMB on December 6, 1985. The Agency sent the proposed regulation to OMB on April 19, 1985.

Question: In FY 1986, EPA requested $300,000 to conduct a multi-media assessment of land and ocean disposal alternatives. What is the status of this assessment?

Answer: The Agency has just recently begun work in this area. The funds are associated with our efforts to revise the Ocean Dumping Regulations and will be used to develop technical guidance on the revised regulations, including methods for comparing impacts of ocean dumping and land-based alternatives. We expect that the multi-media assessment of land and ocean disposal alternatives will be completed at the end of FY 1986.

Question: Does the FY 1987 proposal provide funding for such an assessment?

Answer: The FY 1987 budget has no funds proposed for multimedia guidance, we expect to complete the multi-media assessment at the end of FY 1986.

OCEAN INCINERATION

Question: What is the status of your ocean incineration needs assessment?

Answer: The Agency is in the process of gathering information which will aid our evaluation of the need for a specific ocean incineration permit.

Question: Will your ocean incineration regulations address the question of the need for ocean incineration from a Regional or national perspective?

Answer: After considering the many public comments on the need question, the Agency believes that it is more appropriate to evaluate the need for ocean incineration of a particular waste included in a permit application on a permit by permit basis rather than on a Regional or national basis. The availability of environmentally preferable land-based alternatives within a Region will be part of the Agency's determination that there is a need for a specific permit.

Question: At the hearing in New Jersey on the proposed research burn, a New Jersey official testified that ocean incineration had no role to play in hazardous waste cleanup efforts in the State. Have you analyzed the impact ocean incineration can have on Superfund cleanup?

Answer: No specific analysis has been done. However, if a Superfund site contained liquid wastes, these wastes could possibly be destroyed aboard an incinerator vessel.

Question: If you decide to designate the North Atlantic burn site as an incineration site, will it be your policy that the site be used only for addressing Regional waste problems or will the site be available to burn wastes from anywhere in the country?

Answer: Since the Ocean Dumping Act only authorizes regulation of the seaward transportation phase and not landward transportation phase of ocean disposal, the Agency does not intend to restrict an applicant from transporting wastes from throughout the United States for burning at a particular site. However, since all areas of the country produce wastes that could be burned aboard an incinerator vessel. we envisage several sites will be designated around the country under a commercial program. Thus, a site off the coast of a particular Region would primarily be used to address Regional waste problems.

Question: Several States such as New Jersey are developing hazardous waste management plans. How do you plan to incorporate these State efforts into your regulatory scheme for ocean incineration?

Answer: States will have the opportunity to review potential ocean incineration operations. States with approved coastal zone management have an opportunity to review permit applications that effect their coastal zones to ensure that the proposed activity is consistent with their programs.

Question: Will you deny ocean incineration permits when a State determines that ocean incineration is not needed or will you preempt State determinations?

Answer: The Agency does not expect to preempt State determinations on ocean incineration permits. States will have the opportunity to review and comment on proposed ocean incineration activity. The Agency will carefully evaluate any comments submitted by a State.

Question: Will you require that a risk analysis be prepared for each port where a commercial ocean incineration operation will commence?

Answer: Not necessarily. As part of our Incineration Study, the Agency evaluated potential transportation risks for ocean incinerator vessels. Our analysis indicates that a spill from an ocean incinerator vessel is expected to be an extremely unlikely event. We also found that the risk of spill is expected to be below that experienced by tank ships of similar size because of the special design of the vessel and the operating restrictions that will be imposed by the Coast Guard. Differential treatment of incinerator vessels is not warranted since vessels carrying cargo as hazardous, if not more hazardous, than that transported for destruction by incinerator vessels and often in greater quantities, routinely travel in and out of our nation's ports under far less stringent controls.

Question: Your FY 1987 budget proposal indicates that you may designate additional east coast burn sites. What sites are you considering and when do you expect to make decisions about these sites?

Answer: The Agency is in the early stages of selecting an Atlantic Ocean site off the southeastern coast of the United States. Site designation normally takes two to three years.

ASBESTOS IN SCHOOLS PROGRAM

Question: I see that once again the President's budget makes no request for funds under the Asbestos School Hazard Abatement Act. Does this reflect EPA's initial request to OMB? If EPA did request funding, which OMB turned down, how much did EPA request for grants and loans under ASHAA for fiscal year 1987?

Answer: EPA did not request funds for loans and grants under the Asbestos School Hazard Abatement Act for fiscal year 1987.

Question: Based on applications that were submitted last year for ASHAA funding, how many schools do you estimate will be unable to do asbestos abatement work if the program is phased out in 1987? How many children will continue to be exposed to hazardous asbestos if no Federal assistance is available in 1987?

Answer: In 1985, EPA received applications from 1,107 Local Education Agencies (LEAs) which included about 8,500 abatement projects in 5,000 schools. EPA funded 198 LEAs, including 417 abatement projects in 340 schools. It is not possible to estimate how many schools would be unable to do abatement work if the ASHAA program is discontinued in 1987. Based on limited anecdotal information from our Regional offices, we believe that a number of "unfunded" ASHAA applicants have proceeded with plans to perform abatement work. However, the issue of abatement activity is not directly tied to federal funding. School districts have significant tax bases and authority of their of their own.

States are strongly encouraged to perform abatement work now, with local funding, rather than wait for federal funds that may or may not be appropriated. Many of the applications would not have been approved because income levels were to high or problems were to small. All applications submitted last year are no longer valid. Overall, federal responsibility is to guide. This is a highly localized problem that local communities can solve once appropriate techniques are known. We continue to believe that direct funding of abatement projects in schools does not represent the most effective use of federal resources.

Question: Much concern has been expressed about the effect of the difficulty school districts and asbestos contractors are having in obtaining liability insurance. Has the limited availability of insurance affected the ASHAA program?

Answer: The insurance issue has affected the ASHAA program, though perhaps not to the degree orginally anticipated. Most of the schools which received funds on June 6, 1985 did not perform abatement work last summer because they were still developing specifications, putting out bid proposals, and selecting contractors during June, July, and August. We are aware of instances where the cost of ASHAA-funded projects has increased as a result of increased insurance costs borne by contractors. We are also aware of firms leaving the asbestos abatement field due to insurance cancellation.

Question: To the best of your knowledge, has insurance availability affected non-ASHAA asbestos abatement work in schools?

Answer: At present, the situation for both ASHAA-funded and non-ASHAA abatement projects seems to be that the insurance issue is hindering some projects, increasing the cost of projects, but not causing abatement work to come to a standstill.

Question: EPA has been imposing penalties and fines on schools that have violated various aspects of the school inspection rule. Can you tell me how many schools or districts have been fined or had other penalties imposed?

Answer: In FY 1984 and FY 1985 there were 525 Administrative Civil complaints issued against schools or school districts for violations of the Asbestos-in-Schools Rule.

Question: Can you categorize these violations along a spectrum from minor to major, and give the relative members of violations in each main category.

Answer: During FY 1984 and FY 1985 1,777 Notices of Noncompliance were issued for minor violations. For major violations, 525 Administrative civil complaints were issued during this two year period. The following numbers are based on school districts, not on the individual school buildings. The relative number of violations in each category in the civil complaints issued are as follows:

	FY 1984-1985
- Failure to inspect	323
- Failure to sample	185
- Failure to analyze	3
- Failure to maintain records	462
- Failure to notify	320

(Note that one civil Administrative complaint may contain more than one count).

Question: What has been the average fine or penalty, and what is the range?

Answer: During FY 1984 and FY 1985 the average fine collected was $1,770. The highest fine collected by the Agency for violations of the Asbestos in Schools Rule was $21,900. The lowest fine was $0.

Question: What happens to penalties collected?

Answer: The penalties are placed in the general fund of the U.S. Treasury.

Question: If EPA tries to get schools to use this money for abatement work, what does it do if abatement has already been completed in a school which is being penalized for earlier violations?

Answer: EPA's Settlement with Conditions policy provides EPA with the ability to remit part or all of the school's assessed penalty if certain conditions are met. These conditions could include abatement or other previously agreed conditions. Other factors that are considered are good faith efforts and ability to pay. If the penalty is collected the money is deposited directly into the Treasury.

Question: How many schools are in this category

Answer: The Agency does not maintain a record of this statistic.

SUPERFUND

Question: Please describe the impact of Public Law 99-177 on the Superfund program in FY 87 if automatic spending cuts were put into effect (please provide a breakdown of where you anticipate cuts would be made).

Answer: Public Law 99-177, the Balanced Budget and Emergency Deficit Control Act of 1985, establishes a maximum deficit of $144 billion for FY 1987. Uniform, across-the-board reduction to new spending authority would be required on October 15, 1986, to the FY 1987 budget base in effect if the maximum deficit target is not met. The budget base will be either the FY 1987 appropriation, if enacted, or the FY 1986 appropriation.

Specific impacts of automatic spending cuts cannot be predicted. The amount of any reductions under such cuts will depend on the amount the total projected deficit exceeds $144 billion and the budget base in effect for the Superfund program. If automatic spending cuts are imposed, they will be applied uniformly to each of the 28 Superfund program elements outlined in the Agency Justification of Appropriation Estimates submitted to Congress in support of the President's budget request.

The Hazardous Substance Response program, which funds long-term remedial and emergency response actions, makes up approximately 80% of the total Superfund budget. Accordingly, the largest dollar impact of any spending cuts would be absorbed by this program. The effect would be to slow or delay cleanup work at National Priorities List sites.

Question: The President's budget for Superfund provides $1.05 billion in budget authority for FY 1987. This figure is consistent with the Administration's original proposal for a $5.3 billion program over five years. That proposal is 33% below the $7.5 billion level approved by the Senate and just under 50% of the level approved by the House. It is clear that the conferees are going to arrive at a level of funding in the range of $7.5 billion to $10 billion.

The Budget Appendix states that, "A revised request will be developed and submitted to Congress once the program is reauthorized."

(a) Please describe what this statement means. Does the Administration stand ready to work with Congress in support of a level higher than the $5.3 billion original recommendation?

(b) Is the Administration ready to accept, support, and seek a supplemental budget request for the level Congress agrees on?

Answer: Pending Congressional action to reauthorize the program, the Administration's FY 1987 budget request for Superfund is based on the President's legislative proposal submitted to Congress last year. The Administration will review FY 1987 Superfund resource requirements following reauthorization and will submit a revised request which reflects FY 1987 needs in light of any new statutory requirements and the timing of re-authorization. In future years, the Administration will continue to request sufficient funds to carryout its responsibilities under the law in effect.

Question: Please provide a comparison between the program functions planned under the President's request and the program functions that are embodied in the House and Senate Superfund reauthorization bills.

Answer: We have provided under separate cover a section-by-section comparison of Superfund reauthorization bills (EPA Amendments, S. 51, H.R. 2817).

Question: Please provide an estimate of the additional funding that may be necessary to fund the difference in the program functions outlined in the analysis requested above.

Answer: At the present time, the Agency is studying the budgetary effect of the changes in program functions presented in the House and Senate reauthorization bills. The Agency, therefore, is not currently in a position to provide budgetary implications.

Question: In the OMB passback to EPA on the Superfund program, $48 million was deleted from EPA's request.

Please describe the impact that the deletion will have on the program in regard to the EPA justifications for the original, higher request.

Answer: We developed our original request to OMB in July assuming we would receive reauthorization on time. However, by the time we received the OMB Passback in late November, reauthorization had not occurred. Additionally, the program was operating under a slowdown and had carried over nearly $200 million from 1985 funding. Given the lack of a reauthorized program on which to base a detailed budget, it was decided to request the current planning level and revisit the budget details after reauthorization.

Question: The Superfund Trust Fund will likely be entirely self-financing once it is reauthorized. Use of the funds is restricted to the Superfund program, including interest paid on the fund. If Congress approves a 33% to 50% larger fund, how will the Administration justify not adjusting the President's request if the alternative is to have the funds build up, unspent, while sites remain in urgent need of cleanup monies?

Answer: Once a new statute is enacted, the Administration will make every effort to comply with the provisions of the reauthorized Superfund and will seek the resources needed to effectively and efficiently manage the new program.

However, the Agency cannot offer assurances that significantly increased levels of resources would result in increases to the pace of the program. Major obstacles exist which limit program expansion.

First, the Agency will need to assess the new provisions passed by Congress and signed into law by the President to determine their effect on program activities. Second, the timing of the enactment of reauthorization will affect the Agency's ability to implement the provisions of reauthorization. Finally, several management constraints exist that will limit the Agency's ability to rapidly expand the Superfund program beyond the President's proposal. These constraints include the availability of off-site disposal facilities, additional laboratory capacity to analyze substances found at sites, and the availability of alternate treatment and permanent disposal technologies. In addition, rapid expansion will be hampered by recruiting, training and retraining qualified staff, providing adequate space, equipment and administrative and logistical support, and establishing the contract capacity that will be needed to handle the additional workload.

Question: The FY 86 actual allocation of funds to FEMA was $653 million. How were these funds used by FEMA? The FY 87 request is for only $239 million.

Please explain the decrease in funding for FY 87 and the impact that the decrease will have on FEMA responsibilities under the Act. Are the funds allocated to FEMA used for emergency preparedness and training for chemical spills?

Answer: There is no planned decrease in FEMA funding. The FY 1985 FEMA actual obligation is $653 thousand, composed of over $200 thousand for ongoing activities with the remainder for one-time relocation activities which are funded directly from the

Response Program. The FEMA budget of $234 thousand in FY 1986 maintains the 1985 level and will be used to support ongoing activities including emergency preparedness and training.

For FY 87, the budget assumes the same activity level for FEMA as in 1986, however, the 1987 request was not developed in detail and will be revisited after reauthorization.

Question: Don't the findings of the EPA data base on chemical spills and the agency emphasis on its Chemical Emergency Preparedness Program argue for an increase in funding to FEMA and other agencies under the umbrella of the National Response Team?

Answer: FEMA's role in the chemical emergency preparedness program will be an issue that will be evaluated once reauthorization is received.

GROUNDWATER PROTECTION

Question: Please outline EPA's plans to cooperate with proposals by the USGS for National Water Quality Assessment Program on ground water assessment.

Answer: EPA is currently reviewing USGS's proposal for a National Water Quality Assessment program. EPA's primary focus is on the possible utility of the assessment to meet EPA's specific regulatory and enforcement needs. EPA has been requested by the Department of Interior to provide a formal response on the United States Geological Survey's proposal. In late February, the Agency submitted its formal response to DOI.

Question: Does EPA's proposed FY 1987 budget include funds to carry out any assessment of its own of ground water quality or quantity? Please outline any such plans.

Answer: First, EPA does not conduct assessments of groundwater quantity as this falls outside the Agency's statutory authority. Such studies have been carried out by the USGS.

Secondly, EPA's studies of ground-water are focused on specific issues relevant to our statutes, including the development and enforcement of regulations, rather than on generalized areawide assessments. For example, in support of the development of drinking water standards and in support of improved pesticides registration, the Office of Drinking Water and Office of Pesticides Programs are conducting a national survey of about 40 pesticides found in ground-water sources of drinking water. This highly targeted, statistically supportable study will provide the data needed to support regulatory and other action by the Agency to control pesticides that are likely to leach.

A second example of targeted ground-water studies is the work of the Ground-Water Task Force which is surveying a set of Resource Conservation and Recovery Act sites to determine what improvements must be made to ensure that the monitoring and other program requirements are sufficient to protect ground-water from inappropriately operating hazardous waste sites.

A third example of ground-water related studies is that of underground storage tanks. As a first step in regulating underground tanks, EPA conducted an extensive study to determine the causes and extent of leakage.

Studies are also being conducted of municipal lagoons, and sludge disposal in support of future regulatory actions.

The need for basin type studies varies considerably depending on the amount of data which have already been collected, the types of problems to be addressed, etc. With respect to sole source aquifers, for example, EPA invested in areawide studies of many of these areas through Section 208 funds and there is no need to have such studies duplicated. Many of these areas are in a good position to initiate protective measures without additional long and expensive studies.

The States are in the best position to assess the need for such studies within their States and to make use of existing data in areas which have already been assessed.

Question: Does EPA plan any assessment on a priority basis of ground-water in particularly sensitive or stressed aquifers or basins?

Answer: EPA plans no independent studies of aquifers. EPA, however, works closely with States which do conduct many such studies and EPA supports these State efforts a number of ways. First, EPA provides technical and financial support to State development of ground-water protection strategies and programs through the Clean Water Act, Sections 106 and 205(j) funds. Through this effort a number of States are assessing their overall ground-water quality situation and are developing comprehensive protection efforts. Within these State programs are included focused efforts on areas of particular concern, e.g., public well fields protection, or specific aquifers of high sensitivity. Nearly every State has or is developing a State ground-water protection strategy.

A second EPA effort to assist States is being initiated by the Office of Ground-Water Protection. It focuses on two general areas. One is to provide expert consensus on how to protect ground-water from particular sources of contamination which are not Federally regulated. For example, a Technical Information Publication (TIP) is now under development on protecting ground-water from septic tank discharges. Others are in the planning stage. The second area of assistance is in providing better tools and methodologies in using ground-water data to develop protection programs. We are, for example, working with the USGS to develop a set of ground-water maps designed for the use of environmental agencies for ground-water protection planning, permitting, and other related functions. Workshops will be held with State agencies to discuss the use of these tools in the context of State and local program development.

Question: If so, have such aquifers or basins been selected or otherwise nominated?

What are the criteria for selecting the areas to be studied, e.g., do you believe priority should be given to sole source aquifers designated under the Safe Drinking Water Act?

Answer: As pointed out above, we do not believe the Federal government should designate areas for study but that we should work with the States as they develop their own State ground-water protection strategies.

Question: Is it correct that OMB denied EPA's fiscal year 1987 request for additional funds above the base program for budget item MMC2E ground-water protection, and disapproved the earmarking of any Section 106 funds for ground-water strategy use?

Answer: Yes, the President's budget for ground water is lower than the Agency request to OMB and the formal earmarking of Section 106 funds for ground-water was not approved. State work on ground-water strategies will continue with funds available under Section 106.

Question: If so, were these views by OMB appealed by EPA and modified by the appeal process?

Answer: Even if grant funds were available, the Agency policy is not to set aside Section 106 grant funds specifically for ground water. Section 106 grant funds would be part of the block grant under which States would have maximum flexibility in the area of allocated grant funds. Even if the block grant proposal is not enacted, since the allocation of Section 106 grant funds is by formula, no State will lose funds if it chooses not to conduct ground-water activities suggested by EPA.

Question: Please describe the plans by EPA for use of these funds if OMB had not disapproved.

Answer: Our plans for State grant funding are substantially the same as in our request to OMB. For example a State may chose to use its block grant funds to develop ground water protection strategies and undertake selected implementation.

Question: EPA has proposed a reduction in water quality grants to States. What effect will this have on grants to States for ground-water protection?

Answer: Even with the proposed reductions to the Section 106 grant in FY 1987 funds will still be available to continue making progress in the development of State strategies, and address other problems selectively. In addition, States may choose to increase their level of funding support for ground-water activities thus offsetting any reductions in this area resulting from the overall reduction to the grant in total.

Question: Please describe EPA's planned "cross-media environmental research" on the effects of pesticide use on groundwater, for which EPA is requeting $1.4 million.

Answer: The resources indicated above refer to the increase for the entire pesticides research program. The specific increase for new pesticides groundwater research is $750,000. This research will focus on determining the environmental impacts on groundwater caused by pesticide use and other agricultural practices. Pesticide processes in soils and groundwater will be characterized and information will be developed on spatial variability in subsurface cores. Finally, a report will be produced on best management practices for mitigating groundwater contamination by pesticides.

Question: How does EPA assess the pros and cons of the ground-water protection strategies suggested in the following bills:

Answer: Regarding S.1836, introduced on November 7, 1985 by Senator Mitchell, Baucus and other members of this Committee.

EPA was requested to provide comments on the Bill introduced by Congressman Bustamonte which is identical to S.1836. The response is currently under review and will be provided to Senator Lautenberg when it is sent to Chairman Howard.

Question: How does EPA assess H.R.3906, introduced on December 11, 1985 by Mr. Gejdenson and others?

Answer: EPA's formal response to the Department of Interior (DOI) on the USGS's proposed National Water Quality Assessment was provided to DOI in late February. H.R. 3906 is essentially the same as the USGS proposal.

EXECUTIVE ORDERS

Question: Please update your answer at the FY 86 budget hearing before this committee (page 94) by providing the level of resources used by EPA to comply with Executive Orders 12291 and 12498 in FY 1985. Please provide an estimate of the expected level of such expended resources for FY 1986 and FY 1987.

Answer: In order to comply with Executive Orders 12291 and 12498 in FY 1985, OPPE expended approximately 13.5 workyears and $4,484,400 (including $3,917,400 in program contracts). We expect to expend up to 14.3 workyears and $4,856,900 (including $4,237,000 for program contracts) in FY 1986 and 14.3 workyears and $5,260,100 (including $4,614,600 for program contracts) in FY 1987.

Question: In implementing EO 12291, does EPA follow the provision in Section 3, para. (e)(2), that OMB shall be deemed to have concluded review unless an agency is advised to the contrary within 60, 30, or 10 days, depending on the item being reviewed? Or, if the period expires with no decision to approve, disapprove or extend from OMB, does EPA still withhold action until checking with OMB, and, if ordered by OMB, does EPA than give OMB additional time for its review? (See, e.g. EDF v. Thomas, D.C. Dist. Ct. slip op. at 5, Jan. 28, 1986).

Answer: In 1985, OMB completed review of approximately 60 percent of the rules submitted to them by EPA within the time specified in E.O. 12291. OMB extended (either verbally or in writing) review for the remainder of the rules submitted to them by EPA for review under E.O. 12291 in 1985. EPA staff and program managers routinely discuss with OMB the status of review for individual rules and issues that arise from the review.

OMB does not approve or disapprove rules sent to them by EPA under E.O. 12291. Instead, they review and often consult with EPA on individual rules in the context of the objectives specified in E.O 12291.

As a general practice, EPA does not propose or promulgate rules until OMB completes their review. EPA has, however, proposed or promulgated some rules before OMB completed review when a court-ordered deadline was imposed and would have expired before OMB completed review. In some of these cases, EPA published the rules before the review period specified in E.O. 12291 lapsed.

Question: If EPA has followed the latter practice, why does EPA unilaterally grant OMB even a greater period of time within which to exercise its review power than that permitted under the executive order?

Answer: OMB extended review for approximately 40 percent of the rules submitted to them by EPA under E.O. 12291 in 1985. Most of these cases resulted from the need to provide OMB with background information, answer questions posed by OMB about a particular rule, or the needs to elevate an issue raised by OMB about a particular rule. EPA briefs OMB as soon as possible on those rules for which a statutory, court-ordered, or programmatic deadline makes it necessary to complete E.O. 12291 review within or before the specified period of time.

Quesiton: Do you believe that under the President's executive orders (#12291 and 12498) EPA must defer issuing a proposed or final rule or regulatory agency agenda until EPA statisfies any objection by OMB?

Answer: Neither E.O. 12291 nor E.O. 12498 requires that EPA defer issuing a proposed or final rule until EPA satisfies concerns raised by OMB. However Section 3(f) of E.O. 12291 does require that EPA "consult" with OMB at their request. The "regulatory agenda" is not affected by E.O. 12498, and E.O. 12291 does not address the question of whether or not the publication of the "regulatory agenda" must be deferred until OMB concerns are satisfied. To the best of our knowledge OMB has never asked EPA to defer publication of the "regulatory agenda".

NEW SOURCE PERFORMANCE STANDARDS

Question: With respect to the new source performance standards for stationary internal combustion engines: Is it essentially correct that EPA deferred to OMB's objections to EPA's proposed rules at least twice (approx. August 1981 and August 1983), and that OMB review of these rules has been pending since July 1981?

Answer: Control of stationary internal combustion engines involves complex issues and trade-offs. Potential nitrogen oxide reductions result in increased carbon monoxide emissions, increased operating costs and net energy penalties. Also, the development of control technologies (e.g., catalysts, staged combustion engines) for natural gas as well as diesel engines that will reduce nitrogen oxides without increasing carbon monoxide emission has changed in the last few years.

Question: What has caused the hold-up to EPA issuance of these rules, for which the statutory deadline expired in August 1982?

Answer: This new information has contributed to the delay and is a major reason for the Agency's decision to continue to review this rule. The decision to review this standard further was based on OMB's concerns put forth during its review as well as the issues pertaining to this new source performance standard (NSPS) described above. The NSPS was returned from OMB to the Agency for reconsideration in April of 1983. That completed OMB's review.

Question: Will you accept OMB's definition of the statutory term "significant" source?

Answer: We are unaware of any OMB definition of "significant" source with regard to this NSPS.

Question: Are OMB's comments to EPA, and EPA's submissions to OMB, contained in a publicly available EPA file?

Answer: Yes

Question: Will you make OMB's comments on these rules publicly available, along with EPA's submissions to OMB?

Answer: As a matter of Agency policy, written OMB comments are available to the public in the docket for this rule.

Question: How will you now assure prompt issuance of these rules and other overdue new source performance standards?

Answer: EPA will continue to work with OMB staff to resolve outstanding questions and to develop a more streamlined approach to promulgating rules.

ARSENIC

Question: What has caused the hold-up to EPA issuance of the arsenic standard, under the Clean Air Act, for which the statutory deadline expired more than two years ago?

Answer: EPA has been working with OMB staff on issues and questions that OMB has raised concerning the rule.

Question: How long has OMB review of this rule been pending?

Answer: EPA submitted the final arsenic package to OMB on February 14, 1985.

Question: What are your views of this delay and of OMB's position?

Answer: EPA is concerned and we are continuing to work with OMB to resolve outstanding issues.

Question: Is it correct that EPA deferred to OMB's veto of the rule in 1985?

Answer: OMB has not "vetoed" this rule, and we will continue to work with OMB to complete the review as early as possible.

Question: What will you do to assure prompt issuance of a strong final rule in the face of OMB's disagreements with EPA?

Answer: EPA will continue to work with OMB to resolve outstanding issues.

Question: Are OMB's comments to EPA, and EPA's submissions to OMB, contained in a publicly available EPA file?

Answer: EPA has received no written comments from OMB on the arsenic rule, but, as with other rules, will make any significant OMB comments that are received publicly available.

Question: Will you make OMB's comments on this rule, and EPA's submission to OMB, publicly available?

Answer: Yes

MANAGEMENT: EPA Regulations

Question: Does EPA make substantive oral and all written communications between EPA and OMB on a proposed or final rule or regulatory agenda publicly available? If not, why not? Will EPA now begin to do so?

Answer: EPA's policy is to place all written comments received from persons outside the Agency in the rulemaking docket. It is also EPA's policy to prepare memoranda for the docket summarizing any significant new factual information or arguments likely to effect the final EPA decision received during a meeting or other conversation.

Question: Are your personnel instructed that while OMB objections to a rule can be taken into account on the public record, just like anyone's objections made on the public record, there is no requirement that OMB's objections be satisfied by EPA? If not, how are they instructed to react to OMB?

Answer: EPA staff have been apprised of the requirements of E.O. 12291 pertaining to how OMB concerns are to be addressed. Section 3(e) and (f) of E.O. 12291 are particularly relevant. These sections establish the period for OMB review of proposed and final rules, and specify a process for consultation with OMB. E.O. 12291 does not require that EPA or other Federal agencies satisfy OMB "objections" before publishing a proposed or final rulemaking.

ASBESTOS REGULATIONS

Question: Now that EPA has finally issued the proposed asbestos regulations, will OMB approval be prerequisite to issuance by EPA of the final asbestos regulations?

Answer: The asbestos regulation proposed under the Toxic Substances Control Act SEction 6 is considered a major action. Under executive order 12291, OMB is entitled to a 30-day review of the final rule.

This review is incorporated into our plans for finalizing this rule.

Question: When do you estimate these regulations will be issued? What is the latest date they will be issued?

Answer: Our current plans are to establish the final rule by the Spring of 1987.

The public comment period for this action will not close until April 29, 1986, and public hearings are planned after that. The public hearings should be over by late June 1986.

OMB REGULATORY REVIEW

Question: How do you propose to implement the portion (page 9) of the January 28, 1986 federal district court decision in the case of EDF v. Thomas, which states that it is incompatible with the will of Congress and the Constitution for OMB to withhold approval of an EPA regulation until EPA accepts OMB's proposals to change the regulation?

Answer: On Tuesday, February 11, the Government filed a motion for reconsideration/clarification of Judge Flannery's order that OMB may not withhold approval of Resource Conservation and Recovery Act regulations after applicable statutory or judicial deadlines. After the court rules on the Government's motion, we will complete our analysis of the court's decision.

EPA REGULATIONS

Question: What proposed or final EPA rules are pending for OMB approval? Please give me their status, including any applicable statutory or judicial deadline, the date by which EPA expects to issue them, and whether EPA will honor that date even if OMB has not approved the rules.

Answer: Attached is a chart listing EPA rules and pending deadlines.

As to whether EPA will honor deadlines even if OMB has not given full approval, E.O. 12291 does not require OMB "approval" before EPA can propose or promulgate a rule (please refer to the answer to question 3 above).

EPA makes every effort to meet statutory and court-ordered deadlines. Nevertheless, occasions do arise where it is necessary to miss a statutory or request an extension to a court-ordered deadline to complete the work that is essential to a high quality, technically supportable proposed or final rule. This is also true in the case of some rules that do not have statutory or court-ordered deadlines. In the case of all rules, EPA makes every effort to complete action within the established deadline.

EPA REGULATORY ACTIONS AT OMB AS OF FEBURARY 14, 1986

TITLE	SENT-TO-OMB	STATUTORY/ JUDICIAL DEADLINE	NEXT ACTION
National Emission Standards for Haz Air Pollutants (NESHAP) for Inorganic Arsenic	2-19-85	statutory 1-84	final
New Source Performance Standards (NSPS): Volatile Organic Liquid (VOC) Storage Vessels *	8-19-85	judicial 8-82	final 7-86
NSPS: Kraft Pulp Mills Waiver and Revision	10-24-85	none (revision)	final 7-86
NSPS: Petroleum Refinery Waste-Water Systems	11-05-85	judicial 8-82	**NPRM 7-86
NSPS: Polymeric Coating of Supporting Substrates	11-21-85	judicial 8-82	NPRM 7-86
NSPS: Calciners and Dryers in Mineral Industries	12-20-85	judicial 8-82	
Emission Standards, Test Procedures and Cafe Equivalency Factors for Methanol-Fueled New Motor Vehicles	1-02-86		NPRM 2-86
NESHAPS: Coke Oven Emissions From By-Products Coke Oven Charging, Door Leaks, and Topside Leaks On Wet-Coal Etc.	1-15-86	statutory 2-85	NPRM 3-86
NSPS: Distillation Operations	1-27-86	judicial 8-82	final 7-86
NSPS: Synthitic Organic Chemical Industry: Air Oxidation Process	1-27-86	judicial 8-82	final 7-86
Federal Radiation Protection Guidance For Occupational Exposure (SAR 116103)	2-05-86		final 3-86
NSPS: VOC Emissions From SOCMI Reactor Processes	2-10-86	judicial 8-82	NPRM 3-86

*Note: According to the CAA, all (original source categories) NSPS were to be complete by 8/82.

**Notice of Proposed Rule Making (NPRM)

TITLE	SENT-TO-OMB	STATUTORY/ JUDICIAL DEADLINE	NEXT ACTION
Quality Assurance Procedures, Appendix F, Procedure 1	11-15-86		final 3-86
Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (The Uniform Act)	2-03-86	Presidential Mandate to publish by 2-27	final 2-86
Size Exemption For Pesticide Products Subject to Child-Resistent Packaging Requirements	8-18-85		final 2-86
Significant New Source Rule (SNUR) P-82-438 Benzoic Acid, 3,3'-Methylenebis (6-Amino, DI-2-Propeny) Ester (See SAR 517901)	11-17-85		final 2-86
SNUR For Hexamethylphosphoramide and Urethane	11-22-85		final 3-86
SNUR For Methyl N-Butyl Ketone	11-29-85		NPRM 3-86
Policy Statement Regarding Certain Microbial Products	1-14-86		final 3-86
Office of Solid Waste (OSW) Toxicity Characteristics	12-18-85		
OSW Interpretive Rule: Interim Prohibition Against Installation of Unprotected Lust	1-02-86		final 2-86
Small Quantity Generators (SAR 193501) (40 CFR Parts 260-265, 270 and 271)	2-12-86	stautory 3-31	final 3-86
Subpart A Provisions For SNURS	11-27-85		NPRM 2-86
Proposed Determination of Significant New Use PBBs and TRIS	12-24-85		NPRM 3-86
SNUR P85-703 Poly (2-Hydroxypropyl) Melamine, Polymers with 5-Isocyanato-1-(Isocyanatomethytl)-1,3,3-Trimethylcylodhexane, 2-Hydroxyethyl Acrylate Blocked	1-31-86		NPRM 6-86
Asbestos Abatement Projects (Revision)	2-05-86		NPRM 6-86

TITLE	SENT TO OMB	STATUTORY/ JUDICIAL DEADLINE	ACTION
SNUR For Pentachloroethane (SAR 530401)	2-13-86		NPRM 7-86
General Pretreatment: Response to PIRT	1-13-86		NPRM 4-86
Best Conventional Pollutant Control Technology (BCT) Cost Test and BCT Effluent Guidelines (Revision)	1-21-86		final 3-86
Amendments to the Procurement Under Assistance Agreements Regulation	8-27-85		NPRM & final 3-86
SNUR 84-1042-Methylammonium n-Methyldithicarbamate	12-04-85		NPRM 2-86
SNUR P-84 341, 342, 343,344 - Certain Acrylate Chemicals	12-18-86		NPRM 2-86
SNUR P-84 660, and 704 - substituted Acryl Olefin, Benzenes	12-18-85		NPRM 4-86
SNUR P-84 1054 and 1056 - Alkyl, Sulforic Acid, Ammonium Salt	12-24-85		NPRM 3-86

AIR TOXICS

Question: Under the Reagan Administration, the EPA has proposed a major redirection of the air toxics program. This "National Strategy for Toxic Air Pollutants" proposes to turn considerable responsibility under the Clean Air Act over to the states. Please document, with specific examples, how effective the elements of this national strategy have been in reducing public exposure to air toxics from both routine releases and from accidental releases?

Answer: Since this State role in regulating air toxics was only announced last June, there are few specific examples as yet to cite as to how this has worked. One aspect of the State involvement in air toxics has been tested on the pollutant acrylonitrile (AN). The AN pilot project is proceeding well. All affected states have agreed to participate; evaluations are completed for most of the AN sources, public hearings are underway and regulatory decisions for many of the sources are expected by early summer. Over 25 percent of the sources already have made commitments to reduce substantially their AN emissions.

More generally, there are a number of State and local agencies such as New York, New Jersey, Texas, Michigan, California, and Philadelphia, with strong and active air toxics programs which we believe have had a substantial impact on air toxics emissions. Other States are in the process of establishing air toxics programs and the strategy calls for EPA to work with State and local agencies to establish programs in all areas of the country.

Finally, the effectiveness of current and anticipated State and local air toxics programs can be estimated by examining the state implementation plan (SIP) program under Section 110 of the Clean Air Act. In addition to the significant reductions in pollutants for which National Ambient Air Quality Standards have been set, the SIP program has indirectly reduced the national cancer incidence from about 20 important air toxics by over 50 percent between 1970 and 1980.

As Administrator Thomas indicated to Senator Lautenberg in his June 26, 1985 letter, the statement that EPA's strategy turns the "responsibility for regulating hazardous air pollutants over to the states" is not correct. The strategy attacks what we now recognize as a complex and diverse problem in several different ways. These responses are matched to the different facets of the problem. The strategy explicitly contains a strong direct Federal regulatory program specifically targeted to pollutants and sources that are significant on a nationwide basis so as to achieve the greatest public health benefits. The Agency completed its commitment to make decisions by the end of 1985 on whether to regulate 20 to 25 chemicals. Eleven of these have been decisions to proceed toward regulation. Development of Federal emission standards is now underway. At the same time, the strategy provides resources to strengthen the States to permit them to play a vigorous role in enforcing requirements for toxic air pollutants. The enforcement task will become more complex as Federal regulations include more area, non-traditional and multipollutant sources. We will also expand the current studies of local toxics problems and will work more closely with States and localities on how best to consider multi-media/multi-source interactions in controlling areas of localized risk. The EPA will apply the lessons learned from geographic investigations and personal monitoring studies to develop procedures for integrated environmental management. In summary, the air toxics problem is too complex, diverse and widespread to be solved exclusively at the Federal level; it is necessary and appropriate to bring State and local resources and expertise to bear on the problem as well.

Question: What specific support and financial assistance is the Agency providing to states to implement this strategy?

Answer: Our current budget plans call for providing $6.7 million in FY 1986 and $13.0 million in FY 1987 in Section 105 program grant funds for air toxics activities. In addition, we plan to support State and local air toxics programs through a variety of in-house activities, including operation of the Air Toxics Clearinghouse; guidance on monitoring, modeling, emission inventories and control technology; providing State and local agencies with the results of all EPA assessments on sources and risks; and other technical assistance upon request.

Question: There is general agreement that the air toxics problem in the U.S. presents significant risks to public health and that the problem requires aggressive Agency action. Yet the air toxics program received only 50% of its request to OMB. Which planned strategies and projects will not be fully implemented due to OMB's denial of these funds?

Answer: The resource levels in the Administration's budget request for air toxics are over 85% of the levels in the Agency's request to OMB. In general, the reductions in resources were greatest for EPA activities supporting improvements in State and local air toxics programs.

Question: As a result of these limitations, which pollutant/sources that pose clear public health risks will be addressed and which pollutant/sources that pose very little health risk will not be regulated?

Answer: The process for establishing national regulations results in the control of emissions from those pollutants/sources which pose the most risk. Pollutants/sources which pose little risk are not regulated. The following are the current listing decisions based on the Congressional Commitment of 20-25 decisions by the end of calendar year 1985.

CHEMICAL	DECISION PUBLICATION DATE	EPA ACTION
Toluene	FY 1984	No List
POM	FY 1984	No List
Coke Ovens	FY 1984	List
Acrylonitrile	FY 1985	State Referral Pilot
Carbon Tetrachloride	FY 1985	Notice of Intent to List (NITL)
Manganese	FY 1985	No List
Methyl Chloroform	FY 1985	No List
Freon 113	FY 1985	No List
Trichloroethylene	FY 1986	NITL
Hexachlorocyclopentadiene	FY 1986	No List
Perchloroethylene	FY 1986	NITL
Methylene Chloride	FY 1986	NITL
Vinylidine Chloride	FY 1985	No List
Epichlorohydrin	FY 1985	No List
Cadmium	FY 1986	NITL
Chromium	FY 1985	NITL
Chlorinated Benzenes	FY 1985	No List
Chloroform	FY 1985	NITL
Ethylene Oxide	FY 1986	NITL
Ethylene Dichloride	FY 1986	NITL
Butadiene	FY 1986	NITL
Chloroprene	FY 1985	No List

Question: Several air toxics projects have been identified, in the FY 1987 budget documents, as completed or the contemplated plan lengthened to absorb designated decreases in the air toxics program budget. How are these proposals and limitations compatible with the implementation of a high priority comprehensive national air toxics program?

Answer: In general, the Agency attempted to strike a balance in its budget request between carrying out high priority activities and moving towards a balanced budget. Although the national air toxics program is a high priority within the Agency there are many competing program priorities. The level of funding for the air toxics program outlined in the FY 1987 budget request seems appropriate, when considering competing Agency needs. Our FY 1987 budget will require the Agency to address first those toxic source categories that indicate a potential for the greatest national risk. In addition, the Agency will continue working with states to develop and enhance their air toxics programs.

Question: At the recent Environment and Public Works Committee briefing by EPA, the FY87 air toxics program budget was described as having a $7M increase over FY86. How will this additional $7M be utilized?

Answer: The amount of contract and grant funds for implementing the routine releases portion of the Agency's air toxics strategy will increase by $8.4 million between FY 1986 and FY 1987. Of this amount, $6.3 million will be for State grants. The increase is spread among each major element of the air toxics strategy. The amount of the increase for each element is shown below:

Expand National Regulatory Program: $1.4 million

Increase State and Local Program Capacity: $5.0 million

Analyze Geographic Area Problems;
Determine Multi-Media Controls: $2.0 million

Question: How does this increase mesh with the overall $9M decrease in the air program?

Answer: In developing our budget request for FY 1987, we believed it was necessary to strike a balance between protecting human health and the environment and the need to move towards a balanced budget. Although the budget request will decrease the overall air program resources, high priority activities will receive adequate funding. In some instances, such as the air toxics program, we propose to increase funding.

Question: A major concern has been the lack of regulation of hazardous air pollutants under Section 112 of the Clean Air Act. When do you plan to set federal minimum standards for all listed hazardous air pollutants?

Answer: There are eight pollutants listed under Section 112, six of which have been regulated by national emission standards for hazardous air pollutants (NESHAPs). In addition, final regulations for arsenic and proposed standards for coke oven emissions are currently being developed. For the 10 pollutants for which we have issued Intent to List decisions during 1985, we are studying about 40 different source categories for possible NESHAP development and expect to decide by the end of FY 1986 which ones we will develop a NESHAP for. Following this decision point, it generally takes about 3-1/2 years to develop, propose, take comment, and promulgate a NESHAPs for a "typical" source category. We may be able to accelerate this process for certain source categories and are pursuing this wherever possible.

OZONE

Question: Under the Clean Air Act, all states must attain the ozone National Ambient Air Quality Standard by December 31, 1987. How many geographic areas are unable to meet the current NAAQS for ozone?

Answer: Although a number of areas were granted an extension to December 1987, most areas were required to attain by December 1982. As of September 1985, there were 72 metropolitan areas above 200,000 population classified as nonattainment for ozone. EPA estimates that up to 32 metropolitan areas above 200,000 population are unlikely to attain by 1987.

Question: What federal assistance will be provided to oversee the state implementation plans and to implement additional federal requirements to meet the 1987 deadline?

Answer: EPA assists States in the implementation of their plans, mainly by providing national guidance. State and local agencies are supported through a grant program specified by Section 105 of the Clean Air Act. In FY 1985 these grants totaled over $90 million. Of this amount, $7.5 million was used for ozone activities. In 1986 and 1987, Federal assistance will emphasize effectiveness of the current state implementation plans (SIPs) for ozone through audits of vehicle inspection and maintenance (I/M) programs, and oversight inspections of volatile organic compound (VOC) sources. EPA's new ambient monitoring technique for VOCs will provide data that will will improve the States' accuracy in estimating reduction targets. Information from this new technique is now being used in ozone SIP revisions. Further, EPA is studying controls on gasoline volatility and gasoline marketing emissions. Although national application of these controls is not likely to have a significant effect by the 1987 deadline, these measures could achieve substantial long-term control of VOCs, the main precursor of ozone formation in the urban areas.

Question: What progress has been made to develop a comprehensive Agency strategy for ozone?

Answer: EPA has set up an internal task force to develop options for consideration by the Administrator on revising the national ozone strategy with respect to post-1987 nonattainment. This task force has looked at recent VOC emissions and air quality data and has assessed prospects for attainment given the content of the SIPs and the States' progress in implementing adopted measures. EPA is deliberating on how to proceed with respect to areas which appear unlikely to attain by 1987. EPA is also soliciting the advice of State and local air pollution control agencies as to specific requirements of the revised strategy.

Question: Given the current adverse health effects data for ozone, what are the timeframe and elements of your strategy for revising the ozone NAAQS downward?

Answer: The Agency has recently completed a second draft of the ozone Criteria Document and made it available for public review. This document will be reviewed by the Clean Air Scientific Advisory Committee (CASAC) in April 1986. At this same meeting the CASAC will also review a draft EPA staff paper in which we integrate and assess the scientific information to determine potential ambient standards which can be supported by the available science. Following this review, EPA will make any necessary changes in the staff paper and complete our risk assessment. In the fall, we expect to have formal concurrence on our scientific assessment by CASAC. This step is essential before the Agency can proceed to develop options regarding any potential changes to the ozone standards. Under our normal EPA review process, any needed revisions to the standard will be proposed in early 1988. However, in the event our scientific assessment indicates that faster action is warranted, EPA will move to substantially accelerate the process.

Question: How will such revisions effect the strategy for complying with the 1987 deadline?

Answer: We do not expect changes to the ozone ambient standard to occur within a time frame that would affect the 1987 attainment dead line.

Question: If no additional support is forthcoming from the EPA before the 1987 deadline, how do you anticipate that N.J. will be able to meet the ozone NAAQS?

Answer: New Jersey's SIP for ozone attainment contains several measures which the State committed to study and adopt by 1987. In 1986, New Jersey will be reassessing these and other measures using a very sophisticated photochemical model. This model should provide a relatively more accurate assessment of the effect of existing and new controls on the ozone problem in the New York metropolitan area. EPA is assisting the State in this effort.

EPA does not expect that New Jersey, or many other areas, will be able to attain by 1987, through the implementation of all currently adopted measures. EPA expects that results from the 1986 modeling study will help determine how future attainment might be achieved. If attainment in the short-term is not likely, EPA may require the State to revise its SIP in response to the revised ozone strategy previously mentioned. This SIP revision would account for the effectiveness of existing controls and additional post1987 national measures or state-adopted measures.

FISCAL YEAR 1987 BUDGET REVIEW

FRIDAY, FEBRUARY 21, 1986

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The committee met, pursuant to recess, at 10:17 a.m., in room 406, Dirksen Senate Office Building, Hon. Robert Stafford (chairman of the committee) presiding.

Present: Senators Stafford and Chafee.

FISH AND WILDLIFE SERVICE

OPENING STATEMENT OF HON. ROBERT T. STAFFORD, U.S. SENATOR FROM THE STATE OF VERMONT

Senator **STAFFORD**. The committee will please come to order. The reason for our delay this morning is because Senator Chafee is involved in the Finance Committee hearings. Seven members of this committee are also on the Finance Committee. That cross-fertilization sometimes helps and sometimes hurts. This morning it seems to be hurting.

In any event, we will get started. This is the third in a series of hearings that the committee is holding on the President's budget proposals for fiscal year 1987. On Wednesday we heard the Nuclear Regulatory Commission, and yesterday we heard from the Environmental Protection Agency. This morning, at the request of Senator Chafee, who is the chairman of our Environmental Subcommittee which has jurisdiction over fish and wildlife, we have invited the Fish and Wildlife Service to present its 1987 budget request.

Unlike most of the other agencies that are under the jurisdiction of this committee, the President's budget for the Fish and Wildlife Service would require dramatic reductions in program levels. The request is almost 20 percent lower than the 1986 appropriation, even after the Gramm-Rudman reduction is applied. It's 30 percent lower than the 1985 appropriation, and it comes at a time when the headlines contain alarming reports of toxic contamination of our wildlife refuges and record lows in our census of our waterfowl population.

With the President recommending so many cuts of the Fish and Wildlife Service, while the resources we have entrusted to its care are facing new threats, we consider this to be a most necessary hearing.

I appreciate Senator Chafee's efforts to ask for this hearing for that purpose. And as we do on all these subjects, I know the committee will be looking to him for his very serious help and efforts in shaping the committee's response.

He has an opening statement that I will enter into the record at this point.

[Senator Chafee's opening statement follows:]

OPENING STATEMENT OF HON. JOHN H. CHAFEE, U.S. SENATOR FROM THE STATE OF RHODE ISLAND

Mr. Chairman. This morning we are considering the budget for the Fish and Wildlife Service. We're taking the time to do this in this busy year because the proposed budget cuts are large and their effects are likely to persist far into the future. Few people would disagree these days with the need to reduce Federal spending. But we've got to look closely at just how and where those cuts are made.

Now, in the case of the Fish and Wildlife Service, the president's budget proposes nearly a 20 percent cut in the dollars appropriated for fiscal year 1987. That's in addition to the 4.3 percent cut already mandated by Gramm-Rudman for this fiscal year. The president's proposal would return the Fish and Wildlife Service to the funding level it had seven years ago in fiscal year 1980.

In the past seven years, the Service has had to assume responsibility for protecting more then 100 species which have been added to the Endangered Species Act list in that time. The Service also has had to assume responsibility for managing over 40 million additional acres of lands added to the National Wildlife Refuge System since the beginning of fiscal year 1980.

A lot has been asked of the Service during this decade and I, for one, don't think we should put this agency in the impossible position of having to do more with less. We ought to at least not ask the agency to make do in 1987 with what amounts to far less, because of seven years of inflation, than it had in 1980.

It makes no sense to me, for instance, for the President's budget to propose slowing down the rate of wetlands acquisition at this point in time. The draft North American Waterfowl Plan by the Fish and Wildlife Service and Canadian Wildlife Service calls for half a billion dollars in wetlands acquisition in the U.S., over and above current expenditures, just to maintain the waterfowl populations we had in the 1970's. Every year of delay in meeting that goal reduces the chance of ever meeting the need. With the destruction of 450,000 acres of wetlands and the rise in land prices each year, the need to acquire wetlands as rapidly as possible only increases with time.

I understand that we've still got more than $10 million available in the Wetlands Loan Act Fund to accelerate the pace of wetlands acquisition. I think we ought to use it and use it now.

By the same token it seems to me that we ought to continue with our commitment to acquire other lands for the National Wildlife Refuge System, including habitats vital to the survival of our endangered species. Deferring these purchases to some future time runs the substantial risk that these lands will no longer be suitable or available for purchase and that endangered species dependent on these lands will be lost forever. Escalating land prices mean that postponing acquisition now only results in greater costs later.

Let me mention one other area of concern with the President's proposal for the Fish and Wildlife Service and that is the elimination of the Section 6 Endangered Species Cooperative State Grant Program. This Committee recently approved legislation that would increase the authorization for the Section 6 program to $10 million for fiscal year 1987. So it will probably come as no surprise that I find it completely unacceptable to propose zeroing this program. Cooperation with the States is essential to successful recovery of threatened and endangered species, and grants to States provide greater benefits to these species with less expenditure of Federal funds.

Now I know that the interior Department tried to keep the Fish and Wildlife Service's funding at the adjusted 1986 level. I think that's about where it ought to be. The President's budget proposal may meet the deficit targets set in the law, but I don't think we should consider ourselves bound by the numbers set forth for the Fish and Wildlife Service. It just may be that Congress can develop a budget that meets the deficit targets and provides additional funds for the Service. We need to reduce spending, but decisions on how and where to reduce should not be made in a vacuum of only one agency's budget or one Committee's jurisdiction.

I look forward to hearing from our first witness, Bill Horn, the Assistant Secretary for Fish, Wildlife and Parks. I understand that the interior Department supported continued spending in the areas I've discussed and that their requests were rejected by OMB. Well, I want you to know before we begin that I appreciate those efforts, and that we're going to see what we can do to turn things around.

Thank you, Mr. Chairman.

Senator STAFFORD. Pending his arrival, I think in the interest of saving everybody's time, and knowing that this chairman is going to have to leave for another committee at almost any moment, we will get started. Mr. Horn, I believe you're the first witness, the Assistant Secretary for Fish, Wildlife, and Parks, Department of the Interior.

Why don't you go ahead, and when Senator Chafee gets here, he can take over.

STATEMENT OF WILLIAM P. HORN, ASSISTANT SECRETARY FOR FISH, WILDLIFE, AND PARKS, DEPARTMENT OF THE INTERIOR, ACCOMPANIED BY DR. EDWIN VERBURG, ASSISTANT DIRECTOR, PLANNING AND BUDGET; AND DR. EUGENE HESTER, DEPUTY DIRECTOR

Mr. HORN. Thank you, Mr. Chairman. Please allow me to introduce the two gentlemen at the table with me. On my right is Acting Director of the Fish and Wildlife Service Dr. Eugene Hester, and on my left is Dr. Edwin Verburg who is the Assistant Director for Planning and Budget in the Service.

Mr. Chairman, I appreciate this opportunity to appear here today to describe the administration's fiscal year 1987 proposed budget for the Fish and Wildlife Service. The budget that has been proposed totals $581 million and represents a carefully coordinated program to fund Service activities related to conservation of this Nation's fish and wildlife resources while recognizing the need to meet the 1987 deficit reduction targets established by the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act.

With your permission, I would like to submit my full statement for the record and present a summary of it here.

Senator STAFFORD. Without objection that will be done.

Mr. HORN. Thank you, sir. The budget that we are submitting reflects the important priorities that we have established for the Service. They fall into five basic areas: First, to properly manage the migratory birds for which we are charged with responsibility; second, to begin implementation of the new fisheries role and responsibilities statement; third, to effectively manage and conserve the resources of the national wildlife refuge system; fourth, to fulfill our responsibilities under the Endangered Species Act; and fifth, to try to stay on top of larger environmental issues that affect wildlife and its habitat, such as contaminants.

I might add that, notwithstanding the fact that the budget does reflect a decrease from prior years, the vast bulk of the reductions is concentrated in the areas of construction and land acquisition, and that our effort to preserve and, in some cases, enhance some of the critical operational programs of the Service are maintained.

The request for resource management, which is the Service's principal operating account, is $285.1 million. This is essentially the same as the fiscal year 1986 appropriation level after the 4.3-percent Gramm-Rudman reduction. Within that total funding level are proposed special initiatives, including studies of the effect of contaminants on fish and wildlife resources, restoration of declining waterfowl populations through enhanced waterfowl management and research, and operational activities for new and recently expanded wildlife refuges.

Senator STAFFORD. Mr. Horn, could I interrupt here just for clarification? You've mentioned after the application of Gramm-Rudman. I presume you refer there to the 4.3-percent reduction and not whatever might happen next fall.

Mr. HORN. That is correct.

Senator STAFFORD. OK, thank you.

Mr. HORN. Our operations account in fiscal year 1986 was cut approximately $13 million by the 4.3-percent sequestration. The Service will continue to be actively involved in monitoring and evaluating the effects of environmental contaminants on fish and wildlife resources and their habitats. Increases totalling $2.2 million are requested to expand research and monitoring in this important area.

Site specific efforts will address contaminants affecting a number of major geographic areas, including the Central Valley of California, Upper Mississippi River, the Great Lakes, and Alaska tundra habitats. In addition, several studies are proposed that will evaluate the effects of point and nonpoint sources of pollution on fish and wildlife resources and habitats.

The lowest waterfowl breeding populations that have been recorded in the 31 years of our conducting surveys occurred in 1985, and the estimated 1985 fall flight of ducks was 22 percent lower than that for the previous year. As a consequence, the fiscal year 1987 proposed budget requests an additional $5.1 million in the Wildlife Resources Program to help restore waterfowl population levels. This would be accomplished through methods to increase waterfowl production involving primarily Federal lands, and research studies to determine nonhunting mortality factors which could be further minimized by habitat management practices.

I would add that this budget initiative, this addon, coupled with our efforts in conjunction with the Department of Agriculture on the farm bill, our efforts to basically revamp and improve the 404 Program, and our efforts to work with both this committee and it's counterpart in the House on putting together acceptable emergency wetlands legislation, is a part of the multiple-pronged effort on our part to work with the Congress and other agencies to conserve important wetland habitat and restore our duck populations.

To meet the important needs of the wildlife refuge system, the Service is requesting over $1.6 million for management of 24 newly established or recently expanded refuges, many of which were established for the protection of endangered species.

Also, the Accelerated Refuge Maintenance Management Program, or the ARMM Program, was initiated in 1984 to address serious maintenance needs on the wildlife refuges. Resource management appropriations totalling nearly $52 million, as well as the additional $12 million provided through the 2-year jobs bill program, have allowed us to achieve substantial progress toward rehabilitating wildlife refuge facilities.

Because of this accelerated progress, the Service is requesting $8.8 million in ARMM funding, a decrease of $9.5 million from last year, for additional high-priority maintenance programs.

As I indicated at the outset, the implementation of our new fisheries role and responsibilities policy is an important aspect of our budget. A number of budget initiatives reflect that new policy and new direction.

First, an increase of $809,000 is proposed to continue mitigation efforts under the Lower Snake River compensation plan, the purpose of which is to restore steelhead and salmon stocks adversely affected by water development projects. Other fishery-related increases will support Service efforts to implement the provisions of last year's United States-Canada Pacific Salmon Treaty to provide more comprehensive assessment data on fish stocks that are the focus of the recently negotiated settlement on fishing rights in the Michigan waters of the Upper Great Lakes; and to initiate a comprehensive review of mitigation requirements related to fish stocking as a basis for recovering fish production costs from project beneficiaries.

I might add that no reductions are proposed in our fiscal year 1987 resource management budget for support of Atlantic salmon and striped bass restoration efforts.

To continue efforts initiated in 1983 to evaluate all national fish hatcheries and to eventually retain only those that fulfill our identified Federal responsibilities, the Service is proposing to close or transfer to State operation six hatcheries and one field station. With this action, Federal stocking of private waters will be terminated and display aquariums at six hatcheries will be closed, for a cost savings totalling approximately $1.1 million.

Proposed funding for our endangered species program totals $23.2 million in fiscal year 1987, a decrease of $4.2 million below the fiscal year 1986 estimate. This cut would result from the termination of the State grant program, and is essentially the largest single component of the reduction.

Endangered species recovery actions will be continued for the highest priority species. Since we cut this State grant program in 1982 with no significant adverse effect on high-priority recovery programs, this experience led us to propose a similar cut for fiscal year 1987.

In the area of land acquisition, no funds are being requested in fiscal year 1987 for new land acquisition from the land and water conservation fund or from the wetlands loan advance. However, $1.5 million is requested to administer ongoing acquisitions, and an additional $16.5 million in the migratory bird conservation fund from the sale of duck stamps is estimated to be available for acquisitions in fiscal year 1987. This is based on the proposed increase in the price of the duck stamp to $10.

The $16.5 million will be used to acquire an estimated 24,800 acres of valuable wetlands. During the last 5 years, considerable resources have been made available to us for land acquisition. This is one of the reasons why we feel it is inappropriate, although regretful, to ask for money in this particular case.

I might add that I think it is very important to understand that our failure to request any money for land acquisition reflects no antipathy toward land acquisition or opposition to Federal land ownership. Given the budget restraints and the need to meet the deficit reduction targets, however, we concluded that land acquisition was not a sufficient priority within our limited resources and that we should not ask for funds under these circumstances.

Both the Dingell-Johnson program of sport fish restoration grants, as expanded by the Wallop-Breaux amendments, and the Pittman-Robertson program of wildlife restoration, will be fully funded in fiscal year 1987. Payments under Dingell-Johnson are expected to increase by approximately $39.3 million, for a total of $161.5 million, which is a level almost 400 percent greater than the fiscal year 1985 amount made available under that program. All of this money is available to the States for use in fishing and boating programs.

Although estimated payments under the Pittman-Robertson program are expected to decline in fiscal year 1987 by approximately $26 million to a total of $95 million, this decline is due to delays in reporting receipts and a one-time adjustment made by the Internal Revenue Service in 1986 that caused amounts available in fiscal year 1986 to be higher than previously estimated.

The fiscal year 1987 estimate represents a return to a more typical standard level of expenditures. Under both programs, the States will be receiving a larger share of total funding since approximately $12 million previously used for Federal administration of both programs is being allocated to enhance State grants.

Mr. Chairman, that concludes the summary of the budget proposal. I and my colleagues will be pleased to answer any questions you may have.

Senator **Stafford**. Thank you very much, Mr. Horn. I'll just have a brief and not entirely serious comment, and then I'll turn the meeting over to Senator Chafee. The drop in the waterfowl population is certainly alarming, and I've begun to speculate as I listen to you make the statement that I hope I haven't contributed to it.

We keep a boat over on the West River and we've discovered that the mallards in that area have developed a taste for leftover pancakes thrown overboard in little pieces from the Stafford boat. Since there seems to be a human aversion to eating them on the boat, I wondered if we have caused the passing away of some of the mallards in that area.

On the other hand, we've done our best to conserve the fish in the bay. We haven't caught a striped bass for several years. And when we catch blues, if they're not seriously hooked, we return them as quickly as possible to the bay so that the skipper won't have to clean them or eat them. So, we haven't done much damage there in that part of the country.

Senator Chafee, I'll turn the meeting to you.

Senator **Chafee**. Well, thank you very much, Mr. Chairman. I apologize for being late. Some students from home, 40 strong, showed up and I enjoyed meeting with them.

Now, could you review a bit about the duck stamp and what you're anticipating getting from that? Because certainly, as I look at this budget, and I suppose what everybody says in budget hearings is that they realize the seriousness of the deficit, but.

Let's go through 1985, 1986, and 1987. In 1985 it was about $420 million. In 1986, $365. In 1987, $295. Well, that's a pretty dramatic decline. I know you have to be a good soldier, but I cannot believe that we're able to do our job, you and me and those of us interested in the activities of the Fish and Wildlife Service, at that incredibly reduced rate.

Mr. HORN. Well, Mr. Chairman, in formulating this year's budget, and in view of the type of cuts that we were looking at to meet the deficit reduction targets, we made a decision to concentrate virtually all of the cuts in the areas of land acquisition, construction, and State grants. These have been the three major areas reduced.

When you add in the increases for particular initiatives, such as the fisheries programs, some of the waterfowl initiatives, and contaminants, all of which offset some of these cuts, we think that we have been able to maintain our basic operational—our management—programs largely intact. Most of the major reductions from fiscal year 1985 to fiscal year 1987, if you look at the numbers, come out of land acquisition, construction, and, as I said, State grant programs.

Senator CHAFEE. But the trouble is I'm not sure I agree with that philosophy, because I look on the acquisition of habitat—and you've testified here, and we've had a host of people testify here, that as far as the fish and wildlife goes, everything pales besides habitat. I mean, if there's one message that comes to us it's habitat. And to decline to take your cuts out of the habitat acquisition, the land acquisition, which with increasing population pressures and the pressures going outward always from the cities—because of a whole variety of factors that you are well acquainted with—just means that these wetlands aren't going to be there. It's not like deferred maintenance, or something. They're just gone. And I find this very discouraging.

Now, what's your answer to that?

Mr. HORN. Of all, of course, we will still have the migratory bird conservation fund and, obviously, are hoping that we see an increase in the duck stamp to $10 which will raise the amount of money available from that fund to $16.5 million which, according to our estimates, will permit us to purchase approximately 25,000 acres of land in fiscal year 1987.

Senator CHAFEE. Compared to what in the previous years?

Mr. HORN. The estimate on revenues for prior years have been around $14.5 million; therefore, we will get another $2 million based on the duck stamp increase to $10. I do not know exactly what the impact would be on acreage; but given the fact that we see declining land prices, our dollars will probably go a little bit further in fiscal year 1987 than they have in the past.

Senator CHAFEE. Well, I'm not sure that in some of the farm States the price of land has declined, but that must be counteracted by the increased price of land in the Carolinas, on both coasts, so I think that's a wash.

Mr. HORN. One aspect that we think gives us some additional breathing room, that heretofore we have not had, is the provisions included in the farm bill. We think that the swampbuster, sodbuster, credit restructuring, and soil conservation reserve provisions will provide major benefits in terms of protecting vital wetlands without requiring Federal acquisition.

Lastly, of course, we are going to pursue land exchanges with a lot more vigor and enthusiasm than have been pursued in the past. Although this is not a panacea, and I cannot represent it as such, I think that such efforts can make a significant contribution, a contribution above and beyond the exchanges that we have been able to make in the past.

Therefore, when you add up increases in the price of the duck stamp, more active pursuit of land exchanges, and the benefits that accrue from the important conservation provisions in the farm bill, these factors coupled with our deficit reduction targets led us to reduce our request for land acquisition funds.

Senator CHAFEE. Land swapping, outline that briefly, could you?

Mr. HORN. What we are looking at, on a more aggressive basis, is the Federal Government's owner ship in 778 million acres of land. Through the General Services Administration and the Bureau of Land Management, we can put a fair amount of that up for sale.

One of the factors we are pursuing within the Department is the idea that there are some lands out there that the Federal Government can do without, and still pursue its mission and serve the public. Instead of just selling these lands for cash to the U.S. Treasury, we can exchange Government lands or interests in lands for other lands of comparable value in vital environmental areas such as wetland and endangered species habitat.

Senator CHAFEE. Yes; isn't that going to be extraordinarily hard to do? I mean, you're going to do a swap. Because if you sell, the money goes into the general fund, doesn't it?

Mr. HORN. Yes.

Senator CHAFEE. So, you've got to find somebody who owns a valuable wetland, say, or a valuable habitat of some type, and interest that person in taking some piece of Federal land somewhere. As a practical matter, this isn't going to work that successfully, is it?

Mr. HORN. At the present time, we have probably six or seven exchange negotiations going on—all involving acquisition of park land, refuge land, or just valuable wetland habitats—where we have owners with land that we are highly interested in, who are interested in exchanging them for some piece of the Federal estate someplace else. Although it is not a panacea, and does not solve all of the problems, we think that there are potentially more benefits to be derived from pursuing exchanges actively than we have been able to get in the past.

Senator CHAFEE. Why aren't you using any of the $10 million from the wetland loan fund?

Mr. HORN. That request was something that we lost in our final passback. We had requested the advance from OMB; however, in the final effort to meet the $144 billion deficit reduction target, it was cut in the final round.

Senator CHAFEE. It seems to me that when you've come up here before you testified that habitat loss and identified hunting mortality are the two principal reasons in the decline in the duck population. Is that right?

Mr. HORN. Well, I think that habitat loss is the principal reason for the decline in the duck populations. However, there is still considerable question concerning the role that hunting mortality plays, which is one of the reasons that we have cooperated with Canada on the stabilized regulations experiment over the last 5 years. Also we have added extra money in the fiscal year 1987 proposal to look at the impacts of nonhunting mortality.

We know, based on statistics, that we lose approximately 50 percent of our migratory waterfowl populations every winter. One of the great raging debates in the management community is whether hunting mortality is cumulative or just part of the overall 50 percent?

We have been trying to address the hunting mortality side of this question through the stabilized regulations and the joint studies with Canada. We now think that we need to more specifically identify the causes of nonhunting mortality and move forward with both effective habitat management to offset nonhunting mortality, and effective seasonal regulations and management to deal with hunting mortality, as a comprehensive package to provide better, more scientific management of our waterfowl resources.

Senator CHAFEE. I~~n that draft~~, North American waterfowl plan, that we did with Canada, do you have the statistics there in dollars and acreage?

Mr. HORN. We have them. Let's see, who has them at their fingertips? Walt Stieglitz. Would you introduce yourself, Walt?

Senator CHAFEE. I mean roughly. I just think under that we'll see the 25,000 acres is truly a drop in the bucket.

Mr. STIEGLITZ. Mr. Chairman, I am Walt Stieglitz, Acting Associate Director for Wildlife Resources. The general numbers—the total price tag proposed in the North American plan—is about $1.2 billion, with approximately $1 billion of that being in Canada. The need identified in the plan is for approximately 3.6 million acres of duck production habitat in Canada, and in the lower 48 States, the need identified is approximately over 2 million acres.

Senator CHAFEE. 2 million acres. And so, you're going to get 25,000. You're good with figures. Tell me about what percentage that is.

Mr. HORN. That is probably an infinitesimal percentage. I think the only point I would like to add is that, notwithstanding the most liberal land acquisition program, the vast bulk of our waterfowl resources will always be produced on private lands. Therefore, the administration has had an intense interest in promoting alternatives, such as certain provisions of the farm bill, because we think that these actions will permit us to ensure that we get more effective land management practices on private lands that will better conserve these valuable wetlands and keep these lands in shape to serve as production areas.

Senator CHAFEE. That's a nice thing to hang your hat on when you've got a weak case, but I don't find that overwhelming—20,000 is 1 percent of 2 million. So, you've come in for 1 percent. Let's talk about endangered species for a minute.

You're coming in for a lower amount. My statistics show that your request is for 70 percent of what was requested 6 years ago for the listing. Is that right?

Mr. HORN. What was the percentage again?

Senator CHAFEE. I have that you're coming in for the warrant listing under the Endangered Species Act, the requested is 70 percent of what was appropriated in 1981. Well, I won't argue over that. All I know is that you're coming in for a lot less. You're just going downhill.

Let's see, in 1986 you've got $29 million, and now you're asking for $23 million.

That's total.

Mr. HORN. Yes; the major reduction from fiscal year 1986 to fiscal year 1987 is reflected in the over $4 million that we are taking out for the State grant program—the section 6 funding. We have also proposed reductions in studies for candidate listings based on the fact that we now have approximately 1,000 species on the candidate list, and it was our conclusion that additional studies to expand the candidate list were not going to help us more effectively fulfill our responsibilities. Therefore, we thought that those studies were an appropriate area for a reduction at this time.

But, as I said, the major cut is in the State grant program. Based on the experience that we had in fiscal year 1982, when that program was zeroed and we saw no adverse effect on high-priority recovery programs, we concluded that no adverse effects would likely develop from our fiscal year 1987 proposal.

Senator CHAFEE. What about your refuge contaminations? You had that report identifying some 77 contaminants in 84 refuges. What are you doing about that?

Mr. HORN. We have active programs underway for the 10 sites where we identified——

Senator CHAFEE. Are those the category A's?

Mr. HORN. Yes; there are 10 sites where we know we have a genuine problem that requires corrective action. Presently we have cleanup activities underway on some refuges, including Wheeler NWR in Alabama, and Kenai NWR in Alaska. In some cases we are dealing with the Defense Department, on two or three of the sites. We are preparing action plans on all 77 problem areas which we expect to have completed in April. We are also involved with EPA in Crab Orchard.

But basically we are actively preparing plans that will be funded by someone for all 10 of the identified sites. And those plans should be completed later this year.

Our fiscal year 1987 proposal has an add-on of $2.2 million above and beyond the fiscal year 1986 funding level for additional work in the general area of research and monitoring related to contaminants. We are trying to increase funding in this area to deal with the situation.

Senator CHAFEE. What's your total cut in your 1987 request, total from what you got in 1986?

Mr. HORN. The fiscal year 1986 appropriation, before the 4.3-percent sequestration, was $381 million; our fiscal year 1987 proposal is $295, million which is a decrease of $86 million.

Senator CHAFEE. Was it $365 after the cut? After the 4 percent for 1986 it's $365, right?

Mr. HORN. I think that is correct. I do not have my calculator.

Senator CHAFEE. And so you go down to $295 million.

Mr. HORN. Right.

Senator CHAFEE. Your request.

Mr. HORN. Yes, sir.

Senator CHAFEE. And what's that percentage drop? Well, it's a drop of $70 million, which is 19 percent. I think you're doing more than your share or somebody is asking you to do more than your share. A 20-percent cut, I'll bet you're not going to see a 20-percent cut in other programs.

Mr. HORN. Within the Department, in general, I think that we did better than most of the other bureaus which is about the only reference point that I have.

Senator CHAFEE. You mean did better. What's better?

Mr. HORN. Well, as I said, we——

Senator CHAFEE. You mean you got more money or you managed to cut more out?

Mr. HORN. No; I think that we kept more money by and large compared to what some of our other bureaus retained.

Senator CHAFEE. Well, I'll let somebody else worry about those. What about your MOA that you signed with the engineers last November? How is that working out?

Mr. HORN. So far, so good. We have not had any official problems crop up. We have had an occasional glitch or two arise. Mr. Dawson and I have been in constant informal communication, and we think that the small problems that have turned up have been resolved or are in the process of being resolved. From my perspective, therefore, it has been a success.

Senator CHAFEE. What about the request for mitigation on the 350-acre fill in Lake Michigan, IN?

Mr. HORN. I was just in contact with Mr. Dawson about that last week. The concern that I expressed to him was more of a procedural one. I was not sure that the district engineer had done the proper job of considering wildlife impacts and mitigation as part of the general public interest determination.

I expressed my concern about that. Based on my latest understanding, the permit that was ready to be issued by the district engineer has been held in abeyance pending some level of review by the Washington office of the corps.

Senator CHAFEE. Are you going to elevate that?

Mr. HORN. My intent right now is not to elevate it based on our informal communications. I want to basically wait and see what the result of holding the district engineer's action in abeyance is.

Senator CHAFEE. I'm interested in that. I'm interested, as you know, in this whole procedure, and I will be in touch with you further. In other words, what you're saying is that they are still looking at that.

Mr. HORN. That is correct.

Senator CHAFEE. And that you and Mr. Dawson are trying to work it out.

Mr. HORN. Yes; there were some concerns raised about the procedures employed, and whether or not the district engineer was properly following the regulatory guidance letter on mitigation that was issued as part of the new 404 agreement. We raised some procedural concerns to Mr. Dawson. After raising those concerns, the district engineer's action was put in abeyance by Washington. Therefore, we did receive a response.

Senator **Chafee**. I hope you're not going to be reluctant to ask for elevation.

Mr. **Horn**. My personal feeling on that is that I intend to ask for elevation where I think that we have got resource issues or procedural issues that merit elevation.

Senator **Chafee**. Explain a bit, would you, about your Pittman-Robertson and Dingell-Johnson reduction in personnel. How is that going to work? How can you do that? You're cutting the personnel by 50 percent.

Mr. **Horn**. We think that, given the maturity of both programs, it is no longer necessary for us to exercise the exact level of overview that has been exercised in the past. The purpose of reducing the level of Federal overview is that it will free up an additional $11 plus million that we can turn back to the States. We would much rather see these funds being spent on the resources at the State level rather than being spent in administrative overhead in the Federal Government.

Senator **Chafee**. Well, I agree with that. That ideally is right. You've got some kind of a plan you can follow. But it's my understanding that of all the States, only five have approved plans. How can you have confidence that some State is going to behave themselves out there and use the money for the purposes of habitat acquisition, for example?

Mr. **Horn**. Let me ask the Director of our Federal Aid Program to comment on that, if I can, Rolf Wallenstrom.

Senator **Chafee**. Why don't you come right up to the table?

Mr. **Wallenstrom**. Mr. Chairman, I am Rolf Wallenstrom, Associate Director for Federal Assistance. You are correct that there are five States that have comprehensive plans, which means that they have gone through a large planning effort and have prioritized all of their work, and that it has been endorsed by the Fish and Wildlife Service. These States, therefore, will need less overview than the States that are not using comprehensive plans.

For some time we have provided quite a bit of technical assistance to the other States and to the States with comprehensive plans, and we feel that States are going to have to get along with a little less technical assistance from the Federal Government and do some of these things on their own.

Senator **Chafee**. Yes; that's all well and good, but, we want the money. It's a Federal tax, and we want the money to achieve the goal. I don't understand why this is taking so long. After all, Pittman-Robertson and Dingell-Johnson have been around for years.

And why haven't the States got their plans in?

Mr. **Wallenstrom**. It has been an optional exercise for the States. Some of them are interested in going into detailed planning and some of them have not been convinced yet that this is the way they ought to go.

Senator **Chafee**. As I understand the way the system works now, the expenditure for the Dingell-Johnson funds or Pittman-Robertson have to receive your approval. Isn't that right?

Mr. **Wallenstrom**. In a general sense, yes, that is correct.

Senator **Chafee**. Well, I don't know what a general sense is.

Mr. **Wallenstrom**. We overview a project plan, such as fishery projects, or research projects, or acquisition projects in a general sense at the State level. Our people work with the States, and if they see no problem there, the States move along that activity.

Senator **Chafee**. I mean, for instance, can they use that money for an acquisition of a warden's boat?

Mr. **Wallenstrom**. No, sir; all of their projects have to provide some substantial benefit to the resource, and, therefore, have to be substantive in nature to meet the terms of the act. I think that we have a pretty good mutual understanding after 50 years with the States as to what qualifies and what does not. We also have provided many policy handbooks and guidance for the States to follow in that vein.

Senator **Chafee**. How are you going to know if they follow it or not in the new system? You're not going to have anybody checking on them.

Mr. **Wallenstrom**. Without a doubt we are going to have to depend on their adherence to the law and their own internal control measures to police this effort a little more than they are now.

Senator **Chafee**. Under the existing system in the past 5 years, have you ever had to jerk a State up by the reins and say no, that's not right?

Mr. **Wallenstrom**. Yes, occasionally.

Senator **Chafee**. After all, you've got 50 States out there. Say in 5 years, there's 250 disbursements. How many have gone astray in that time, would you say?

Mr. **Wallenstrom**. There are varying levels. Sometimes it involves individual staff interactions to determine whether things can be done. Other times it involves writing to the State director of the department. As far as getting up to the level where I am informed, I would say that it happens about three times a year.

Senator **Chafee**. How about in the cooperative research units? As I understand, these States have been getting four scientists and now they're reducing it to three. Who knows about that?

Mr. **Horn**. I'll refer this one to Dr. Hester.

Dr. **Hester**. Mr. Chairman, I will be glad to comment generally about it, and then Dr. Buffington, who also oversees the cooperative units, can comment.

In reference to the number of people that we have at the units, we have provided the number of personnel there which we can afford with the dollars that we have. The agreement that we have with the cooperators basically works that way. It is a statement of intent and no cooperator is bound by the agreement, per se, to do things other than what can be done with the funds that are available. The agreement recognizes this.

Senator **Chafee**. Well, as I understand it, the Service has agreed to provide three scientists for each unit kept, is that right?

Dr. **Hester**. That is correct.

Senator **Chafee**. Have you met that commitment?

Dr. **Hester**. I will ask Dr. Buffington, Dr. Doug Buffington to answer that.

Senator **Chafee**. Did you meet that commitment for the three scientists per unit?

Dr. **Buffington**. As Dr. Hester said, we have in each cooperative agreement a statement that all the cooperators will meet the intended levels of contribution according to the resources available.

That does not just apply to us; it also applies to the universities and the State fish and game departments.

Right now we have three States with combined units, where we are missing one discipline, either a fisheries biologist or a wildlife biologist. In addition, there are five States where we have fewer than three biologists present.

Senator **CHAFEE**. What are the consequences of the transfer of the animal damage control from you folks to the Agriculture Department? I've received some letters about that. I think one of the environmental organizations was geared up on that subject.

How has that worked out? What's been the effect on your ability to handle of migratory birds, for example?

Dr. **HESTER**. First off, we are still in the process of the physical transfer to Agriculture. We are working with them to implement this, and will have the people and the facilities transferred within the next month or so. To date, however, the people are still with us during this transfer period.

So far there has been basically no change. The question, I think, has to do with what people anticipate in the future. The basic responsibility of the program has been transferred, and we will have responsibility for some things such as permits or oversight as it relates to some aspects of migratory birds, for example, or for endangered species.

I would say, therefore, that it is too early to tell, but the Department of Agriculture basically will have most of the responsibilities that we previously had.

Senator **CHAFEE**. If you got some more money, where would you spend it, Mr. Horn?

Mr. **HORN**. Probably the first place that I would put more money if I got it would be in the wetlands loan acquisition account. This was the last item that I lost in the final go-around of cuts, and I think that is the first place that I would put it back if I received it.

Senator **CHAFEE**. How much did you lose?

Mr. **HORN**. As a result of the fiscal year 1986 action, $10.6 million of unused loan authority remained. We were seeking to close out the loan, and use the last $10.6 million. That was the last thing, however, that we lost in our review with OMB.

Senator **CHAFEE**. $10 million.

Mr. **HORN**. $10.6 million.

Senator **CHAFEE**. I'm on the Finance Committee, and we round off these figures.

Mr. **HORN**. My wife is on the Defense Appropriation Committee in the same building and, yes, they round off these figures, too.

Senator **CHAFEE**. They roundoff in 10 times these figures here. Well, I'll tell you, the part that bothers me most is the land acquisition. Listen to this. In 1985, you-had an appropriation of $63 million; $63 million wouldn't buy an anchor on a destroyer I don't think today; $63 million. The next year, 1986, adjusted after Gramm-Rudman, not $63 million, but $38 million. And now you come in for $1.5 million, and I don't even know what the $1.5 million is for. That must be a collection fee or something.

Mr. **HORN**. Basically administrative.

Senator **CHAFEE**. Administrating nothing.

Mr. HORN. Well, no. We have carryover funds because we have not obligated everything left from previous years. In addition to that, this funding involves the people who also administer land acquisition activities when the Migratory Bird Commission instructs the Service to use some of the MBCF money to purchase a wetland in North Dakota or bottomland hardwood someplace. It is the administrative staff covered by this $1.5 million who would basically direct spending of those funds.

Senator CHAFEE. Well, that's the part that bothers me most of all. When you say construction, when you cut back on construction from $24 million, to $20 million, to $3 million, what's construction involve?

Mr. HORN. Construction mostly physical visitor facilities and other items. Gene, do you have any amplification on that?

Mr. HESTER. It is basically the physical facilities on our refuge and hatcheries.

Senator CHAFEE. I know construction involves construction. But, by physical facilities, what do you mean? A visitor center?

Dr. HESTER. Yes, a visitor center, for example.

Senator CHAFEE. Would it involve reclaiming a refuge in some fashion, putting up an embankment, preserving water, something like that?

Dr. HESTER. It would depend on the magnitude of it. Most of that would be routine maintenance as opposed to construction.

Senator CHAFEE. Yes; so that wouldn't come up in the construction account.

Dr. HESTER. If the task were a large one, it might be a construction item. Otherwise, it would be handled as a maintenance item.

Mr. HORN. Mr. Chairman, let me add that one of the reasons for the reduction in construction is that in the last couple of years we have been engaged in two initiatives that now are largely completed. One was to construct facilities and housing related to operations of the new Alaska refuges created in the 1980 Alaska Lands Act, which was a fairly cost-intensive exercise.

In addition to that we had a series of dam safety expenditures, the main priorities of which are completed. Since we are completed building the facilities and the housing in Alaska, and have completed some of the high-priority dam safety work, we thought it would be appropriate to take a cut in our construction account of this magnitude.

Senator CHAFEE. Here's another statistic. In the past 7 years the Service has had to assume responsibility for protecting more than 100 species which have been added to the endangered species list; 100. And at the same time you've had to assume responsibility for managing over 40 million additional acres of land added to the National Wildlife Refuge System since the beginning of fiscal year 1980. So in 7 years you've picked up 100 species and 40 million additional acres of land to look after.

And you're going to do all of that with a budget that is far less than what you had 7 years ago, if you count inflation. That's quite a trick, isn't it?

Mr. HORN. I am not sure what the constant dollar rate would be. I know that from fiscal year 1986 to fiscal year 1987, we have maintained the level in our major resource management account that covers virtually all of this work. As I have said, our fiscal year 1987 request provides $285 million for this account, which includes the 4.3 percent sequestration. I know that just during the last year, we have held the line in that area.

As I have said, we have taken the cuts in construction and land acquisition areas, because we are cognizant of the need to continue to effectively operate our expanded refuge system and to develop recovery plans for those species that have been listed. We have tried to hold the line in the resource management account, considering that to be our No. 1 priority.

Senator CHAFEE. Well, I recognize the pressures you're under, but I think that you people got hit extra hard. And I again go back to the acquisition. I think the acquisition is the essence of not all, but a tremendous part of it both in wetlands and in just refuge.

Everybody that's come up here has preached habitat. You, yourself. And I just think we're missing out here when we take this practically zeroing out habitat acquisition. If something good comes out of that farm bill it will be a surprise, because I don't think there's anything else good in there.

Mr. HORN. I am only familiar with the conservation title which we think is pure gold if it works the way that it appears it will work.

Senator CHAFEE. Well, three cheers, and I hope it will. I supported that, too, that sodbuster provision. What does the swampbuster provision do?

Mr. HORN. That provision withdraws USDA benefits to farmers who drain wetlands.

Senator CHAFEE. Yes. And I think there's hope if on your MOA you work hard with Mr. Dawson and the section 404 and you get some improvements in that area. You're familiar with all the troubles we've had in connection with the section 404. But nonetheless, the farm bill, that's great if something good comes out of it. But I just think that certain acquisitions have got to take place.

I'll talk with you some more about how you make out with those swaps. I must say I suppose with great timber companies maybe you can do it.

Is that chiefly who you deal with?

Mr. HORN. We have one situation which involves a land development company, and several situations with private ranching interests. It is a real panoply of interests who have come in to talk with us, along with some Native groups in Alaska which represents a fairly broad range of interest in the exchange program.

We are hoping to tap into that interest and make something work. Many of the exchanges that we are proposing will be sent to Congress for approval. We have found, based on some of our experiences in Alaska, including one recently with the Park Service involving Cape Krusentern National Monument, that it is a lot easier and faster for us to employ a congressional ratification approach than to try to do it administratively.

I would expect that if our negotiations are successful, and I intend to try to make them so, we are going to be back up here before too long with some exchanges for your approval.

Senator CHAFEE. I often wonder what you give up in the exchange.

Mr. **Horn**. In some cases, we are giving up properties which are of no interest whatsoever to this particular bureau or to the Park Service, since we are looking at land with very little environmental value. We are not planning to give up sensitive environmental land in order to get environmental values back. We are trying to give up land with some commercial value in order to obtain environmental values in return.

Senator **Chafee**. Well count your change, that's all I can say, when you're dealing with these things. All right. I hope we can do something in connection with getting some more money for land acquisition.

There's some questions here from Senator Symms directed to Dr. Hester, and I will give you these, Doctor, and if you could send your answers to Senator Symms. And would you also send a copy to the committee?

Dr. **Hester**. I certainly shall.

Senator **Chafee**. OK, fine. Thank you. Senator Stafford also has a couple of questions. Why don't I just ask you these now, Mr. Horn?

You mention that we are about to begin a formal program of cooperation with Canada on the waterfowl problem. Could you tell us what Canada is already doing? Are they responding with the restrictions on hunting? Are they committing large efforts in terms of dollars?

There's a series of questions. First, what are they doing? Are they having restrictions on hunting? Are they committing dollars? And do they have a land acquisition and refuge management program comparable to ours?

Mr. **Horn**. Well, I know that with respect to hunting, the Canadians came to us in the 5th year of the stabilized regulations period and asked that we abandon the stabilized regulations and impose reductions in hunting mortality because of the concerns that they had seen. I think that they have been very cooperative with us in that particular area.

Heretofore they have not had a program comparable to ours, but I hope that we can take some credit in that they have started a program. They have recently started their own Duck Stamp Program which is essentially the equivalent to our system for the Pittman-Robertson fund. We hope that this program will help them to generate substantial revenue to permit them to hold up their side of the deal in the North American waterfowl plan.

On those two fronts they have been very cooperative and I think that we have been able to work together quite well. We have many common interests since we share the ducks.

Senator **Chafee**. Do they have a Land Acquisition Refuge Management Program comparable to ours?

Mr. **Horn**. I would presume that they are going to embark on one because that is what is contemplated in the North American plan.

Dr. **Hester**. In general they do, but in addition, Ducks Unlimited, has been very active in Canada in preserving habitat. And the various Provinces, as well as the Canadian Wildlife Service, have been an integral part of that.

Senator **Chafee**. I'll give you the final two questions from Senator Stafford, and you can answer those in writing then.

In conclusion, do you think the decline in the waterfowl population is a cyclical thing, or do you think it's permanent, presents a permanent problem?

Mr. **Horn**. I well offer some comment based on what I have learned in having gone through the regulations process last summer, and then turn to our waterfowl experts here. The current problem seems to be largely the result of habitat diminution and the severe drought in the nesting grounds. When you add those two factors up, it is caused a decline.

When you look at the ebbs and flows of waterfowl populations over recent years, we had some substantial increases in the late 1970's, a little upswing in 1983 and now a major decline.

The long-term trend has been down largely, I suspect, because of habitat loss, increasing development, and more pressure on the populations. But in terms of the ups and downs, this is probably the result of Mother Nature not sending any rain to the right places at the right time.

Senator **Chafee**. All right, fine. Thank you, Secretary Horn, and Dr. Hester, and Dr. Verburg.

Mr. **Horn**. Thank you, sir.

Senator **Chafee**. All right, the next panel—why don't we take everybody together—Lynn Greenwalt, Amos Eno, John Fitzgerald, and Gordon Robertson. Now, Mr. Greenwalt, why don't you go first?

Mr. **Greenwalt**. Mr. Chairman, you're obviously deferring to my white hair rather than to my place at the table, and I like that very much. I'm very pleased by that.

Senator **Chafee**. Now, I'll tell you, I've got some time restraints, so why don't each person take 5 minutes.

Mr. **Greenwalt**. Right, sir. I anticipated that. With the expectation perhaps that my longer statement would be entered into the record.

Senator **Chafee**. That's right, it will be. All your statements will be in the record.

STATEMENT OF LYNN A. GREENWALT, VICE PRESIDENT, RESOURCE CONSERVATION, NATIONAL WILDLIFE FEDERATION

Mr. **Greenwalt**. Thank you, Mr. Chairman. My name is Lynn Greenwalt. I'm vice president for resources conservation for the National Wildlife Federation. I appreciate the opportunity to come here and present the views of the National Wildlife Federation in this particularly difficult budget year for the Fish and Wildlife Service.

As you know, as a former Director of the Service, I watched what has happened with that organization carefully, and particularly the activities of this committee with respect to the budgetary fate of the Service. I'm pleased with the way this committee has moved to sustain the budget of the Fish and Wildlife Service in the last several years. I hope the committee can continue to do that, though I must confess that in the current situation this is likely to be a very difficult time, not just because of the 22-percent budget cut in the current year, but because there are other cuts to come. I despair about the continuity and the effectiveness of a Service that will be facing continued budget cuts of double-digit magnitude in years to come.

The Service's budget is a small one by any standard, as you suggested earlier. The value of the resources administered by the Service seem out of proportion to the Federal spending that's been permitted even in the better years.

For example, let's look at spending for fisheries. The Service's fisheries resources program is funded at nearly $50 million a year. Yet, nationwide, direct expenditures on sport fishing are over $17 billion each year. By comparison, the economic impact of sport fishing alone is greater than the cash value of most of our agricultural crops.

For example, cash receipts to farmers in 1983 for wheat were only $9 billion, and for cotton only $4.3 billion. Yet Government payments alone on these crops in the same year were $864 million and $662 million respectively. Federal spending on these vital crops goes well beyond direct Government payment to farms. Expenditures on sport fisheries are equivalent to four-tenths of 1 percent of the $4.3 trillion gross national product projected for 1986. Yet, out of the nearly $1 trillion in the 1987 fiscal year Federal budget, we apparently intend to spend only $48 million, or 0.005 percent of the budget on fishery resource programs.

The story for wildlife is similar, and it is a disheartening one. The President recommends closer cooperation between the Federal Government and the States as a way that Federal expenditures can be reduced. However, for nearly each cooperative State-Federal program where costs are shared, the Federal contribution to continued cooperation is to eliminate cooperative funding. Such actions clearly show abandonment of cost-efficient cooperative programs, not an increase of such cooperation as the President implies.

Mr. Chairman, we hope you will see the value of the important service of fish and wildlife programs and provide continued funding where needed. However, we are aware of the need for fiscal austerity and for efforts to reduce the Federal budget. We believe it is imperative, indeed inevitable, that sooner or later Congress will have to look at opportunities to raise revenues in order to fund all of the critical programs which are the responsibility of the Federal Government.

We urge this committee to seek not only maintenance of funding for Service programs, but also to endorse raising additional revenues. Specifically, and we have several ideas, but to address only one, a nonrenewable energy tax could increase funds to the Treasury and result in the conservation of oil, natural gas, coal, and uranium resources. A low across-the-board energy tax has several benefits, the details of which we would be delighted to discuss with you at a more opportune time.

Our specific requests for Fish and Wildlife Service funding are summarized in my lengthier statement.

Senator CHAFEE. Why don't you skim through these quickly.

If you were sitting here, what would you do?

Mr. **Greenwalt**. If I were sitting in your place, Mr. Chairman, I would turn instantly to the habitat arena, and look very carefully at the cut of $10.8 million that has been imposed in the remaining authorization of the wetland loan fund.

I would look very carefully at the use of the land and water conservation fund as it relates not only to endangered species, but the opportunity to use that fund in a sort of mix and match way to provide for habitats for waterfowl as well as for endangered species.

I would be extremely interested in this question of land trades. These are possible, but I think are not nearly so simple nor so salubrious as Assistant Secretary Horn has suggested. There are opportunities to make exchanges within certain limits, but exchanges do not represent a ready solution do the land acquisition problem. However, exchanges are worth looking at.

Another thing I would review very carefully is the basic question of the Federal Government's relationship to the States, because Gramm-Rudman-Hollings and its consequences clearly are to drive a good many of the responsibilities for fish and wildlife resources into the arena of State government. Without the kind of oversight implied by the Federal responsibility for Pittman-Robertson and Dingell-Johnson, for example, there is great apprehension on the part of State administrators.

I am concerned about the reduction of the section 6 grant and aid to States because many States rely on this not only to provide some core funding for their own endangered species programs, but as a pivot upon which they balance their own contribution to these funds.

Mr. Chairman, we do not suggest extraordinary changes in the way the Government has to regard the question of deficit reduction. However, I believe that with some very careful attention to the opportunities that present themselves, we can maintain an interest in habitat, and the monitoring, and oversight of the use of the funds that will remain available. And that, I believe, is going to be fundamentally necessary, particularly as Gramm-Rudman goes on.

Senator **Chafee**. OK. I'm going to ask you a little bit about the fisheries when we finish.

Mr. **Greenwalt**. Certainly, sir.

Senator **Chafee**. And also, each of the panelists, would you think about this. It's my understanding that about half of the States don't impose a State duck hunting stamp charge, is that right?

What would be a typical State?

Mr. **Greenwalt**. California would be a typical State.

Senator **Chafee**. What would be a typical State charge?

Mr. **Greenwalt**. About $3.

Senator **Chafee**. $3.

Mr. **Greenwalt**. And part of that for California is earmarked to go to Ducks Unlimited in Canada.

Senator **Chafee**. Well, that's habitat. I guess what we face is we've all got to realize that the agency we're interested in is going to take some cuts.

Mr. **Greenwalt**. No question.

Senator CHAFEE. Regretfully; and everything you said is absolutely true in your statistics about the value. Nonetheless, it's going to take some cuts. And I just think the States have probably got to do more, not only from their own budgets, but probably from charges.

For instance, my State has a lot of saltwater fishing, but there's no saltwater fishing license. I don't know what the resistance would be to that if it was proposed. I've never made any soundings. Of course you've got an enforcement problem, but you've got an enforcement problem with any fishing license. I suspect no States have a saltwater fishing license.

Do they, Lynn? Do you know?

Mr. GREENWALT. There are two or three, I believe, that have license requirements for certain of their coastal waters, but none that I'm aware of has a direct saltwater license of the kind you mention. A good many are willing to consider this because, as you know, in connection with the Wallop-Breaux amendments there was a saltwater license implication.

Senator CHAFEE. Was that a Federal one or was it a State?

Mr. GREENWALT. It would have required the States to impose one, and failure to do so would have brought the Federal Government to bear and impose Federal——

Senator CHAFEE. And what happened to this?

Mr. GREENWALT. Most of the States, so far as I recall, were willing to impose the requirement for a State saltwater license.

Senator CHAFEE. But what happened to that provision?

Mr. GREENWALT. It remained in, I believe. The Government at present is suggesting a Federal marine license presumably for fishing beyond the 3-mile limit.

[A letter from Mr. Greenwalt follows:]

NATIONAL WILDLIFE FEDERATION
1412 Sixteenth Street, N.W., Washington, D.C. 20036-2266 (202) 797-6800

March 7, 1986

Honorable John H. Chafee
Chairman
Subcommittee on Environmental Pollution
410 Dirksen Senate Office Building.
U.S. Senate
Washington, DC 20510

Dear Chairman Chafee:

Please extend my remarks at the February 21, 1986 hearing on the U.S. Fish and Wildlife Service budget to include the following information which provides details on the issue of licensing saltwater anglers. Please recall that we discussed the issue of angler licensing briefly but had too little time to sort out the details.

You asked whether any states license their saltwater anglers. Indeed, there are many states that have such licensing programs. However, on the East Coast, licensing of saltwater anglers is coming all too slowly and with much anguish to the responsible fishery management agencies. (As you probably are aware, all states license freshwater anglers). Currently, on the East Coast, Maryland licenses anglers fishing the saltwaters of Chesapeake Bay, and New Hampshire has a saltwater salmon and smelt license. Extensive debate on licensing is taking place in Massachusetts, Delaware, Virginia, South Carolina, and Florida. Licensing of saltwater anglers definitely is on its way to the East Coast but, on the West Coast, all states license saltwater anglers. In the Gulf of Mexico, Texas and Louisiana currently license saltwater anglers and it is expected that other Gulf states soon will follow.

At the hearing, I mentioned that implications of the saltwater license with Wallop-Breaux amendments to the Sport Fish Restoration Program were among reasons why the states should give saltwater angler licensing serious consideration. The point I made had nothing to do with past or current proposals for a "federal" angler license. Instead, I was referring to amendments that direct funds in the Sport Fish Restoration Program to marine fishery work.

In Fiscal Year 1986, we expect to see about $122 million go to state fishery management as a result of the Sport Fish Restoration Program. The Program finances--with federal money--up to 75% of the cost of state sport fishing and boating safety projects. The state pays as little as 25% as a match to the federal money. As a result of the recent Wallop-Breaux amendments to the program, marine programs would share in the "new" money. For Rhode Island marine fisheries, the funds would amount to about one-half million dollars.

A saltwater angler license in Rhode Island would generate a dependable funding base that could be used to match the Wallop-Breaux money. In addition, a license would help Rhode Island in its accounting for these federal dollars, because the amount of Wallop-Breaux funding each state gets is determined on the basis of a state's land and water area, and the number of licensed anglers. The formula is weighted 60% to the number of licensed anglers and 40% to area. Currently, it is estimated that saltwater anglers make up about 60% of the total number of anglers in Rhode Island.

Sincerely,

Lynn A. Greenwalt

Lynn A Greenwalt
Vice President
Resources Conservation
Department

Senator CHAFEE. All right, let's go to the next witness, Amos Eno, National Audubon.

STATEMENT OF AMOS S. ENO, DIRECTOR OF WILDLIFE PROGRAMS, NATIONAL AUDUBON SOCIETY

Mr. ENO. Mr. Chairman, Mark Twain asked, "Why shouldn't truth be stranger than fiction? Fiction, afterall, has to make sense." Overall, the President's budget for wildlife and natural resources is a strange bull's-eye in truth. It makes no damn sense.

For 6 years the President has presented fictional budgets on natural resource programs which Congress has substantially and very positively rewrought. Rather than dwelling on the inadequacies of the President's budget, I want to single out a few of our recommended add-ons for the Fish and Wildlife Service which symbolize major successes and cooperative efforts by Federal, State, and private entities.

And to address your current concern, I want to focus on—and I think the criteria you should apply would be those programs that are working. A modicum of additional funds could sustain this record of success. In the Endangered Species Program, we recommand additional funds for the endangered species consultation process. Perhaps no program better symbolizes the successes of the past 6 years and the important work of this committee than the section 7 consultation record.

Despite its early controversy, the interagency consultation program today is working effectively and exactly as Congress envisioned. A review of the process from 1979 to 1984 shows two important trends. First, a steady and significant increase in total number of interagency consultations each year, and a clear indication of widespread agency compliance with the act. And second, more and more consultations are being handled informally. Additionally, only a minuscule portion of consultations result in a jeopardy finding; one-quarter of 1 percent in 1984. Clearly this represents a major success story.

In section 6 grants we ask for a full restoration of funding. The State grant programs have fully realized the potential envisioned by Congress. Currently 43 States and 2 territories have signed wildlife agreements, 17 States are participating in plant agreements. Increasingly, the burden of actually recovering listed species is being assumed by State programs. State programs funded with grant moneys implement the research and advanced technology developed by the Fish and Wildlife Service recovery programs.

The grants provide minimal seed money which has been an effective initiative around which States have built their own programs. Dollar for dollar, the grant program is the most cost-effective portion of the entire endangered species program.

Senator CHAFEE. Now, wait. Don't go too fast for me. You say the grant program of the budget is the most important.

Mr. ENO. I'm saying it's one of the most cost-effective portions of the endangered species program. What you have occuring under the recovery program of the Fish and Wildlife Service, whether it is whooping cranes or bald eagles—take, for example, the bald eagles: The Fish and Wildlife Service develops the technology on recovering eagles. They identified DDT; they learned how to do the hacking experiments to reintroduce eagles; they worked out the captive breeding elements. Once that's done, they pretty much turn over the job of implementing the recovery of eagle populations to the States.

So now in Maine, Pennsylvania, Maryland, Virginia, the bulk of the restoration work is carried out by the States in large part with the seed money provided by the section 6 grant programs.

To eviscerate the grant programs, you're doing away with the largest component of the endangered species recovery program. Another example is the black-footed ferret. The ferret is a perfect example of a Federal-State partnership in species recovery. Despite biological disasters in the field, and they've been visited by a double apocalypse of bubonic plague and canine distemper, great progress has been made by Federal and State researchers in defining the life history of ferrets and implementing a captive breeding program in Wyoming. The State just approved $154,000 for a captive breeding facility. The modest add-on we're requesting covers the Federal portion of maintenance of this facility.

Under the Habitat Resources Program, we recommend additional funding for predevelopment consultation. The Food Security Act passed by this Congress last year represents a major advance in our efforts at habitat protection. The Service has a major role in making this program work by determining wetland boundaries, selection of easement tracks, making onsite determinations, and developing plans for a nationwide conservation reserve.

Senator CHAFEE. OK. Your time is about up. In other words, what you're zeroing in on is the grant portion of the Endangered Species Act.

Mr. ENO. Well, really a criteria that I suggest you consider is let's look at what Fish and Wildlife programs are working. For example, the Federal Aid Program, which you've asked questions about, one of the reasons the States have not done their plans is the Fish and Wildlife Service has never pushed them or tried to force them to do plans.

Senator CHAFEE. And the answer, they said, is it's voluntary.

Mr. ENO. That's right. Basically there's no supervision. So the loss of those people—you're not losing anything really. The Service doesn't know what's going on with the State moneys to any great extent.

Senator CHAFEE. I would argue that. But it seems to me that—and I should have asked this of Mr. Horn—it seems to me there should be a requirement that the States come up with a plan. If they don't come up with a plan, they don't get the money.

Mr. ENO. Sure.

Senator CHAFEE. Now, whether that's possible under the legislation, I don't know. But to drift along for 50 years without demanding some kind of a plan, and instead sitting there in judgment on these disbursements made by the State under the Dingell-Johnson and Pittman-Robertson, it doesn't seem to me to make an awful lot of sense. That seemed to me to be an area where indeed the Government ought to be out of the business.

Mr. ENO. If you put that in comparison to what's happening on section 6 grants or habitat protection—I mean, the land and water conservation fund, in black and white terms, these two programs are accomplishing their objectives. And you're also getting increasing cooperation.

I was going to cite an example where Audubon is cooperating with Fish and Wildlife Service on land acquisition, as a result of a request from Congressman Conte several years ago. Mr. Conte approved acquisition of a parcel of California wetlands. The price was exhorbitant. And as a result of that, he said all right, I'll sign off on this in my capacity at the MBCC, but I want Audubon to get in the wetland protection business. We've done that.

And you'll see an item called Finnegan Cut in our testimony. Audubon last week got $1 million which we're going to use to purchase a fish and wildlife priority wetland area and roll it over to the Fish and Wildlife Service.

Senator CHAFEE. Do you mean somebody gave you $1 million?

Mr. ENO. Yes. We've got an active program now in California, only in California, to solicit funds for wetlands protection.

Senator CHAFEE. OK. In summary, if you were sitting here, and you were going to do something to help this budget, and being realistic that it's going to take a cut probably—yes, it's going to take a cut from 1986, but not a $70 million cut, where would you put money back in?

Mr. ENO. Where we recommended in our testimony; preeminently in land acquisition, in the consultation process, and——

Senator CHAFEE. That's in the endangered species——

Mr. ENO. Section 7 consultation, under endangered species.

Senator CHAFEE. Under the endangered species.

Mr. ENO. Audubon's recommendation this year are the most modest we've made in 5 years.

Senator CHAFEE. Well, it seems to me you add up to a lot of money, though.

Mr. ENO. It 1s.

Senator CHAFEE. How much money do you come up with? If you start adding $450,000 for protection, $275,000 for recovery, $200,000 for research, $700,000 for consultation, and $4.4 million for State grants, what's all that add up to?

Mr. ENO. About 10 percent of the Forest Service's road building program. Less than that.

Senator CHAFEE. That's not the answer I'm asking for. You can tell me it's nothing compared to the Defense budget. How much does that add up to $70 million?

Mr. ENO. Probably in that neighborhood. We feel we have to be an advocate——

Senator CHAFEE. Yes, I know you do.

Mr. ENO [continuing]. Of continued funding for these programs, and I think we've made responsible recommendations.

Senator CHAFEE. OK. All right, thank you. Mr. Fitzgerald?

STATEMENT OF JOHN FITZGERALD, WASHINGTON REPRESENTATIVE, ENDANGERED WILDLIFE PROGRAM, DEFENDERS OF WILDLIFE

Mr. FITZGERALD. Thank you, Mr. Chairman. I am John Fitzgerald, Washington representative for Endangered Wildlife Programs of Defenders of Wildlife. On behalf of Defenders, the Natural Resources Defense Council, the Society for Animal Protective Legislation, and the Fund for Animals, I want to thank you for the opportunity to testify today.

The first question you asked us to address is, "How will the Gramm-Rudman process, as we see it in 1986, effect the Fish and Wildlife Service?" The Fish and Wildlife Service has prepared examples of how this relatively minor cut of 4.3 percent in the budget will affect the program.

They include, and I quote, "Reduce the level of protection for migratory birds, marine mammals, and other wildlife species; reduce law enforcement intelligence gathering, reduce scope of contaminants research focusing on tumors in Great Lakes fish; reduce activities related to visitor services on wildlife refuges," and much more.

As you know, the cut for next year will be much greater. But the President's budget is not equal across the board. It is harder on wildlife than it is on many other programs. For example, the Bureau of Reclamation has an increase, a very substantial one of $153 million for fiscal year 1987. Yet, the Fish and Wildlife Service has a very substantial decrease.

In the endangered species program we see a reduction of 23 percent in 1 year. To make matters worse, has totally eliminated funds for acquiring refuges for endangered species and other wildlife.

I'll point out a very few specific problems. The Alaska Lands Act of 1980 designated over 76 million acres of refuges and required plans for them by the end of 1987. The requested funds of the Service cannot develop adequate and timely plans for protection of Alaskan wildlife.

An additional $5 million is needed in fiscal year 1987 to address the most critical wildlife refuge contaminant problems that the Service has already identified. We've seen action listed for only the very tip of this terrible iceberg.

For endangered species the Fish and Wildlife Service does essentially two things. It buys land and it coordinates active Government work and consultation. If one considers these two programs together, the administration proposal would eliminate nearly 50 percent of the Federal efforts on endangered wildlife for a program that cannot now meet the requirements of the act.

As the Service noted, it has 1,000 candidates that it knows warrant listing waiting to be listed. The Service records show that over 20 animals and 60 plants have been dropped from the candidiate list because they've become extinct while waiting to be listed.

Recovery plans exist for only approximately 60 percent of the species, and only half of those are implemented at all. The State grant program is basically the working hands, the arms of this program. And yet, they insist on cutting that entirely.

This, in an era when we've seen the first extinction at the hand of man, when we've seen the black-footed ferret decline from 129 to 6 or 7 or 8——

Senator CHAFEE. To decline?

Mr. FITZGERALD. Yes, sir. Two years ago the black-footed ferret had a population of 129 in Wyoming. There were great hopes for captive breeding and for bringing that population back. Wyoming was unsure that——

Senator CHAFEE. But that hasn't worked?

Mr. FITZGERALD. Well, one problem was Wyoming was unsure they would have a cooperative grant from the Fish and Wildlife Service and other funds necessary to build the research facilities for captive breeding. They put off that program, and in the interim 1 year, plague struck, distemper struck, and now we have a half a dozen ferrets in captivity and maybe three in the wild.

Senator CHAFEE. But Mr. Eno said that the States are putting some money into it?

Mr. FITZGERALD. Indeed they are.

Mr. ENO. They are. We now have an effective program. But the point that Mr. Fitzgerald is making that that could have happened about 2 years earlier and it could have happened in advance of the biological disasters had there been a certainty of funding.

Mr. FITZGERALD. Exactly.

Senator CHAFEE. All right.

Mr. FITZGERALD. We suggest a package of $9.6 million in restorations and enhancements for endangered species. We feel that enforcement elsewhere is lacking. For example, only 25 percent of international animal shipments are inspected, and the administration fails to even coordinate Department of Agriculture records with Fish and Wildlife Service forms that reveal, on their face, violations of the law.

The President's request ignores the Fish and Wildlife Conservation Act, the Western Hemisphere Convention, and other mandates for nongame species by failing to recommend essentially any funding. We've attached charts showing the striking declines in more than two-thirds of the State checkoffs for nongame wildlife, and dozens of declining bird species.

It is interesting to note that a recent solicitor's opinion confirms that a portion of the dedicated funds of Pittman-Robertson and Dingell-Johnson and Wallop-Breaux can be used for nonconsumptive program work, nongame work, essentially, if taken from the administrative portion of these accounts. The $1.5 million we recommend for enhancement is well below those ceilings.

As the Service report has already demonstrated, there are several options for creating a sustained fund from new funds, not from taxpayers' dollars, for nongame programs. And we recommend that the committee, in reviewing the Fish and Wildlife Service Conservation Act, create a fund like Dingell-Johnson, and Pittman-Robertson, for nongame or nonhunted species.

In the area of refuge land acquisition you were absolutely correct that habitat is a key. We recommend that $85 million for the land and water conservation fund, and $10.5 for the migratory bird conservation account be made available this year.

Essentially the Federal Government has been prescribing and subsidizing radical surgery on public lands and the wildlife that depend on those lands for as long as they've been in its care. The patient is not recovering. This year we can help wildlife if we reject the recommended amputation of wildlife programs, like section 6 and land acquisition, and if we apply the physician's ancient rule,"First, do no harm."

Senator **Chafee**. OK, fine. Mr. Robertson.

STATEMENT OF GORDON C. ROBERTSON, LEGISLATIVE COUNSEL, INTERNATIONAL ASSOCIATION OF FISH AND WILDLIFE AGENCIES

Mr. **Robertson**. Thank you, Mr. Chairman. My name is Gordon Robertson. I'm the legislative counsel for the International Association of Fish and Wildlife Agencies.

Senator **Chafee**. I see Wes Hayden in back of you.

Mr. **Robertson**. Correct.

Mr. **Hayden**. Yes, sir.

Senator **Chafee**. Wes, you're retiring.

Mr. **Hayden**. That is correct.

Senator **Chafee**. And you've been a long and excellent witness. By long, I mean a long-time witness here.

Mr. **Hayden**. I appreciate that.

Senator **Chafee**. We're going to miss you.

Mr. **Hayden**. Well, I just felt that it would be best for Mr. Robertson to make this presentation because he's going to be dealing with this budget a lot longer than I am.

Senator **Chafee**. Well, when is your official date of retirement?

Mr. **Hayden**. At the end of March, sir.

Senator **Chafee**. End of March.

Mr. **Hayden**. Yes, sir.

Senator **Chafee**. You're going to take the pension. And you're not going to Florida, I hope.

Mr. **Hayden**. I hadn't planned to.

Senator **Chafee**. No, people decay down there.

Mr. **Hayden**. Well, I plan to chase a few golf balls.

Senator **Chafee**. Oh, that's further evidence of decay. Don't do that.

Mr. **Hayden**. I'll think of something.

Senator CHAFEE. This vigorous weather up here will keep you going forever. Well, we're glad you're here.

Mr. HAYDEN. Thank you, sir.

Senator CHAFEE. All right, Mr. Robertson, we welcome you.

Mr. ROBERTSON. Thank you. The International Association's State members have a great interest and a shared management responsibility in the fiscal year 1987 budget of the U.S. Fish and Wildlife Service. I wish to make only brief comments at this time and will shortly submit detailed written testimony for the record.

The programs of the Service are the heart of cooperative and interstate fish and wildlife management in this country. The proposed fiscal year 1987 budget will make it difficult for the cooperative programs of the Service to carry through with the success of the past years. The cooperative efforts and funds of Federal aid and anadromous fisheries grants and endangered species are of special concern to us.

We are especially concerned with the continued success of Pittman-Robertson. The proposed cuts in these areas will severely cripple the programs at both the Federal and State levels.

This brief outline would not be complete without mention of the wetland acquisition program of the Service that has lagged behind schedule over the last 10 years, and promises to lose even more valuable habitat because of the lack of advanced moneys under the Wetland Loan Act, and only token moneys under the LWCF in fiscal year 1987.

We appreciate the opportunity to present this very brief statement, and urge the committee's attention to these matters and others that we will address in written form.

Thank you.

Senator CHAFEE. Well, thank you, Mr. Robertson. OK, I'm going to ask the panel to vote on a series of things. First, would your No. 1 priority be land acquisition? Raise your hands. [Hands raised.]

All right. Mr. Fitzgerald, what would be tied with that?

Mr. FITZGERALD. I would think so; yes. You have to have a component of oversight and direct work for both endangered species and other programs to make sure that continuing programs are effectively administered. Some species require direct aid as well as habitat. So, I would rate them as equally important.

Senator CHAFEE. Although the amount for the endangered species section 6 wouldn't be anywhere near the amount for land acquisition. How much money you think you'd need for section 6?

Mr. FITZGERALD. To maintain section 6 at last year's level, roughly $4.5 million. But that's not at last year's real dollar level. That's still a decline in real dollar terms.

Mr. ENO. Mr. Chairman, let me speak to that just for a second. The last Carter budget, and historically, the section 6 fund was based at the $4 million level. That was distributed to participating States. In the last succeeding 4 years, 6 years, coincident with the Reagan budget cuts, you've had more and more States sign up. So, now you basically have 44, 45 participating States, each being given a smaller portion of the pot.

Also within this timeframe, for several years we had zero funds and then we had funding at only a $2 million level.

Senator **Chafee**. Just give me a dollar figure. If you were sitting here.

Mr. **Eno**. I'd restore it to last year's level.

Senator **Chafee**. Which is only $4 million? Well, that's still going to have all the problems you mentioned.

Mr. **Eno**. That's correct. But in terms of overall—you work out all the priorities.

Senator **Chafee**. OK. What about admission fees to wildlife refuges? Do you all agree we ought to do that?

Mr. **Fitzgerald**. Our position is that it ought to be based on the impact on the refuge rather than simply an across-the-board fee. You can allocate a fee, for instance, on off-road vehicles, if in fact they're allowed on refuges——

Senator **Chafee**. I can't hear you. Can you pull that mike a little closer?

Mr. **Fitzgerald**. Yes; we suggest that if you do impose fees that they be based essentially on the impact on the refuge of the activity you're going to charge the fee for. For instance, a fee for off-road vehicles, where they are allowed, should be higher than a fee for an average automobile. A fee for camping ought to be higher than a fee for hiking on nature trails. So, this can be done. It's not difficult.

Senator **Chafee**. We have no charging now, is that right, Lynn?

Mr. **Greenwalt**. Correct.

Senator **Chafee**. Does everybody agree we ought to charge?

Mr. **Robertson**. Mr. Chairman, we have no real problem with the charge, except we do have a problem with how the funds are to be split. We do not feel that 20 percent of the funds should go back into the General Treasury. We feel that the funds should go back into the Fish and Wildlife Service's programs.

Senator **Chafee**. Well, I think so, too. Let's assume that we did that. Then, of course, you get the argument do you apply it to that refuge or do you apply it to the Service generally. What's your view on that, Mr. Eno?

Mr. **Eno**. I would like to see the money go back into the refuge operations and maintenance account.

Senator **Chafee**. No; I mean that refuge.

Mr. **Eno**. Oh, I don't think that's necessary. If you get too fancy in your formulas or where the money goes, you're going to impose a burden on the agency and an increase cost in administering the programs. So, I think the simpler the better.

Senator **Chafee**. Not only that, I think you're going to have your money—you're not going to put it to the highest priority.

Mr. **Eno**. That's right. And that should really be at the discretion of the agency director.

Senator **Chafee**. At some very popular refuge in Florida, you have swarms of visitors come through there and lots of dollars. If you have an arbitrary figure that 50 percent must stay at that refuge, then they've got money coming out of their ears when we ought to be acquiring new land elsewhere.

Mr. **Eno**. That's correct.

Senator **Chafee**. All right, does anybody else want to leave a pearl of wisdom as we close this?

Mr. **Fitzgerald**. There are a number of you on the Finance Committee, if you have a chance to look at some of the natural resource tax reforms or the possibility of imposing a tax on sulfur dioxide, for instance, we think there's a massive amount of funding that can be had there while doing environmental good at the same time.

Senator **Chafee**. All right, thank you all for coming.

[Whereupon, at 11:50 a.m., the committee was adjourned.]

[Statements submitted for the record by today's witnesses and statements from agencies not appearing at the hearing follow:]

TESTIMONY OF WILLIAM P. HORN, ASSISTANT SECRETARY FOR FISH AND WILDLIFE AND PARKS, DEPARTMENT OF THE INTERIOR, BEFORE THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS, SUBCOMMITTEE ON ENVIRONMENTAL POLLUTION, CONCERNING THE FY 1987 PROPOSED BUDGET FOR THE U.S. FISH AND WILDLIFE SERVICE.

FEBRUARY 21, 1986

Mr. Chairman, I appreciate this opportunity to appear here today to describe the Administration's FY 1987 proposed budget for the U.S Fish and Wildlife Service (Service). The budget which has been proposed totals $581 million and represents a carefully coordinated program to fund Service activities related to development, management and conservation of the Nation's fish and wildlife resources, while recognizing the need to meet the 1987 deficit reduction targets established by the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act (P.L. 99-177).

Prior to discussing the FY 1987 budget request, I would like to note several areas of accomplishment during FY 1985 as well as describe several of our current program activities. The Service's four main program areas are Wildlife Resources, Fishery Resources, Habitat Resources and Federal Assistance. Research and administrative activities conducted by the Service support each of these areas.

Numerous Service activities have been undertaken related to Wildlife Resources. In FY 1985, land acquisitions to augment our National Wildlife Refuge System (NWRS) were initiated on eight new refuges and were expanded on 54 units of the system. Acquisition was achieved via fee purchase, easements, exchange, lease, or management agreements.

The Service has placed considerable emphasis on resource and contaminant problems on refuges during the past few years. A 1983 survey identified 65 types of resource problems, including water resources and public use impacts on 373 refuges. Comprehensive plans to resolve resource problems were prepared by each refuge during FY 1985, and specific resource management and construction projects were undertaken to eliminate or mitigate some of the problems. The Service's comprehensive national survey to update contaminant issues affecting refuges was initiated in May 1985 and completed during January of this year. The survey has identified contaminant problems on ten of the nation's 431 wildlife refuges and indicated 74 refuges where in-depth study is required because of suspected or potential contaminant problems. Prior to initiation of the survey, corrective actions had been undertaken at Crab Orchard, Wheeler, and Kesterson NWR's. Action plans outlining future response strategies will be prepared during this year for each contaminant issue of concern, and priorities will be established for followup actions. The Service will also continue its participation in the Department of the Interior's Task Force on Irrigation Drainage, which I co-chair with the

Assistant Secretary for Water and Science. The Department intends to compile and develop priorities for target areas where irrigation drainage could potentially affect fish and wildlife or human health, and to develop a process for field screening of these areas.

Contaminant studies have also been conducted as part of our Habitat Resources efforts, for "hot spot" areas off Service lands. Studies have been conducted in areas where known contaminant problems exist, including the Lower Colorado and Gila Rivers, the Central Valley of California, and the Great Lakes. Information from these special studies will assist Service personnel in working with appropriate Federal and State entities to develop best management plans and other types of remedial actions to address these problems.

With respect to migratory waterfowl, harvest restrictions for black ducks in the Atlantic and Mississippi Flyways, and three species of geese nesting in Alaska, were implemented in a concerted effort to restore populations that have been seriously reduced. In addition, more restrictive regulations were applied nationally to reduce the harvest of woodcock and certain species of waterfowl, such as mallards and pintails, due to severe population declines. Cooperative work is continuing this year with the States, Canada and Mexico to implement species and population management plans for selected migratory birds. We are hopeful that a North American

Waterfowl Management Plan will be completed and signed by the Secretary of the Interior and the Canadian Minister of Environment in the near future that will facilitate cooperation in managing both nations' waterfowl resources.

Our fishery program has been active in a number of areas. The Service recently played a key role in negotiations relative to settlement of U.S. v. Michigan, a case regarding Indian treaty fishing rights on the Great Lakes. The negotiated agreement, signed by the State of Michigan, the Department of the Interior, the three concerned Indian tribes, and representatives of sport and commercial user groups, provides the framework for future cooperative allocation and management of fish resources in treaty-ceded waters of Lakes Superior, Michigan, and Huron. In particular, the agreement provides increased protection for the lake trout resource, the focus of a high priority restoration initiative. The Service was also actively involved in negotiating an agreement between State and Federal resource agencies, Indian tribes, and representatives of major resource user groups concerning allocation and management of the salmon and steelhead resources of the Klamath River Basin. This agreement, resolving a long standing and very controversial issue, represents a major action toward restoring and protecting these valuable anadromous fish resources. Since the signing of the Pacific Salmon Treaty by the United States and Canada in January, 1985, the Service has been involved in implementing its provisions related to fishery interception issues for anadromous species in the Northwest. The Service, in close cooperation with the State of Alaska, is also conducting scientific investigations to support continuing treaty negotiations on the allocation of salmon runs in the Yukon River.

During FY 1985, the Secretary of the Interior approved and the Service published a Statement of Responsibilities and Role for the Fishery Resources Program which identifies four major responsibilities that will be the focus of the program. This statement, which culminated a two-year effort, identifies the following responsibilities: (1) to facilitate restoration of depleted nationally significant fishery resources; (2) to seek and provide for mitigation of fishery resource impairment due to Federal water-related development; (3) to assist with management of fishery resources on Federal (primarily Service) and Indian lands; and (4) to maintain a Federal leadership role in scientifically based management of national fishery resources.

Our Habitat Resources efforts seek to ensure that fish and wildlife resources, and associated habitat, are accorded equal consideration with other aspects of land and water development activities. We have recently completed a re-negotiation of the Memorandum of Agreement (MOA) with the Corps of Engineers established pursuant to Section 404(q) of the Clean Water Act.

The MOA provided a mechanism for the Service to comment on the impacts to fish and wildlife resources of wetlands dredge and fill permits. The revised agreement sanctions field level negotiations regarding agency differences on permits, thereby enhancing the opportunity for successful conflict resolution without a formal request to Washington to elevate a permit decision for review. Another important provision of the new MOA allows for natural resource values to be considered for permit decisions that are elevated. These, and other changes to the MOA, will encourage cooperative efforts between the Service and the Corps regarding permit actions. Other activities related to wetlands included our National Wetlands Inventory (NWI) efforts which, during FY 1985, produced wetlands maps for 154,000 square miles in the lower 48 states and 10,000 square miles in Alaska.

During 1985, the Service intensified its Predevelopment Consultation (PDC) efforts. The purpose of PDC is to work with Federal and private developers to make them aware of fish and wildlife needs during the early planning stages of a project. An example of PDC is the effort recently initiated out of our Cortland, New York Field Office, to identify and work with developers on a watershed-by-watershed basis to assist them in avoiding development in sensitive resource areas. We believe that this approach gives great promise, particularly in assisting determinations of cumulative impacts of development within a watershed.

Our Federal Assistance activities include our Federal Aid and Endangered Species Programs. In FY 1986, the provisions of the expanded Federal Aid in Fish Restoration Program became effective. The Dingell-Johnson program, as expanded by the Wallop-Breaux amendments, provides grants to the states for the management and enhancement of sport fish resources. Additional sources of funding for this program have developed from a newly created Aquatic Resources Trust Fund and have expanded the program from $38 million in FY 1985 to $122 million in FY 1986. Revisions to this program by the Wallop-Breaux amendments have placed greater emphasis on the use of funds for public fishing access to accomodate motor boats, and require coastal states to allocate funds among freshwater and saltwater sport fishery resources.

The Endangered Species Program has continued its listing, recovery, and species monitoring activities. A total of 56 more native animals and plants, and one foreign animal, were added to the U.S. List of Endangered and Threatened Wildlife and Plants during FY 1985. The number of approved recovery plans for listed species increased by 26 to a total of 185 during this same period, while one more Cooperative State Agreement was negotiated for fish and wildlife, and four more for plants, totalling 44 and 22, respectively. The American alligator in Florida was reclassified from "Threatened" to "Threatened by Similarity of Appearance," reflecting improvements in its status in that state. Four species were delisted because of their recovery, including the brown pelican in Alabama, and Florida, and on the Atlantic Coast, and three birds on Palau in the Pacific Trust Territories. To date, there are now 885 listed species (389 native), consisting of 765 "Endangered" (307 native), and 120 "Threatened" (82 native).

Research by the Service supports each of the program areas I have described. In addition to those already noted, efforts have been made to develop a reliable data base for determining the extent of lead shot problems on 58 NWR's. Progress has also been made in combining our cooperative fish and wildlife research units. To date, units have been combined in all but seven states. We expect completion of combined units in two of these seven states in FY 1986.

I would now like to describe the President's proposed budget for FY 1987 for the Service. The FY 1987 budget proposal, I believe, is equally sensitive to our resource responsibilities and to the achievement of the 1987 deficit reduction targets established by P.L. 99-177.

As a result of P.L. 99-177, all Fish and Wildlife Service programs in FY 1986 will be reduced by 4.3 percent. Sequestration, scheduled to take effect on March 1, will permanently cancel $16.4 million of FY 1986 budget authority while deferring $11.5 million in FY 1986 spending authority associated with permanent and trust funds and $192,000 in obligational authority from offsetting collections. The overall impact of the sequestration will not close any Service facilities nor necessitate furloughs or reductions in force of permanent employees.

I would now like to describe in more detail some of the highlights of the Service's 1987 budget request.

The FY 1987 budget request for the Service totals $581.4 million. Although this level represents a decrease of $70.4 million from the FY 1986 appropriation of $651.8 million, we have been able to continue operating major resource programs, at or near their current levels, and to propose program increases for high priority activities. The budget achieves the overall reduction ($70.4 million) by eliminating or deferring lower priority activities, and by focusing construction and land acquisition on only safety issues and the most critical resource threats. In addition, the budget recommends a full-time equivalent (FTE) staffing level of 6,121, a reduction of 361 FTEs from the FY 1986 level. This reduction primarily reflects the lower level of funding and the transfer of 185 FTE's associated with the Animal Damage Control program to the Department of Agriculture which we anticipate will be completed by April 1986.

The request for Resource Management, the Service's principal operating account, is $285.1 million, which is $14 million below the FY 1986 appropriation level. Within the total funding level are proposed new or expanded initiatives, such as studies of the effect of contaminants on fish and wildlife resources, restoration of declining waterfowl populations through enhanced waterfowl management and research, and operational activities for new and recently expanded wildlife refuges.

The Service will continue to be actively involved in monitoring the build-up and evaluating the effects of environmental contaminants on fish and wildlife resources and their habitats resulting from agricultural and industrial development. Increases totaling $2.2 million are requested in FY 1987 to continue research and monitoring in this important area. Site specific efforts will address contaminants affecting a number of major geographic areas including the Central Valley area of California, Upper Mississippi River area, Great Lakes, and Alaska tundra habitats. Several studies are proposed that will evaluate the effects of point and non-point sources of pollution on fish and wildlife resources and habitats. Also included in this proposal is a request of $900,000 for scientific equipment to analyze contaminant samples and to enhance computer data storage capacity at the Patuxent Wildlife Research Center and the Columbia National Fisheries Research Laboratory.

The lowest waterfowl breeding populations that have ever been recorded in 31 years of conducting surveys occurred in 1985.

The estimated 1985 fall flight was 22 percent lower than that for the previous year. As mentioned previously, the Service restricted the level of waterfowl harvest in 1985 due to this decline; the 1987 budget requests an additional $5.1 million in the wildlife resources program to help restore waterfowl population levels. This would be accomplished through methods to increase waterfowl production and research studies to determine non-hunting mortality factors which can be further minimized by habitat management practices.

To meet important needs on national wildlife refuges, the Service is requesting over $1.6 million for management of 24 newly established or recently expanded refuges, many of which were established for the protection of endangered species. An additional $730,000 will support such activities as management, fencing or posting, habitat management, and general operational activities on existing refuges. These increases are offset in part by requested decreases of $838,000 for several short term activities including preparation of educational materials concerning Arctic nesting geese, rehabilitation of visitor facilities, and quantification of refuge water rights.

The Accelerated Refuge Maintenance Management (ARMM) program was initiated in 1984 to address serious maintenance needs on national wildlife refuges. Resource management ppropriations totalling $49.6 million and the additional $12 million provided through the two year Jobs Bill program have allowed us to achieve substantial progress toward rehabilitating National Wildlife Refuge facilities. Because of this accelerated progress the Service is requesting $8.8 million, a decrease of $9.5 million, for additional high priority maintenance activities.

An increase of $809,000 is proposed to continue mitigation efforts under the Lower Snake River Compensation Plan whose purpose is to restore steelhead and salmon stocks affected adversely by water development projects. Other increases will support Service efforts to provide more comprehensive assessment data on fish stocks that are the focus of a Court-ordered settlement of a fishing rights dispute in treaty-ceded waters of the Upper Great Lakes, and to initiate a comprehensive review of mitigation requirements related to fish stocking as a basis for recovering fish-production costs from project beneficiaries.

To continue efforts initiated in 1983 to evaluate all national fish hatcheries and to retain only those that fulfill Federal responsibilities, the Service is proposing to close or transfer to State operation six hatcheries and one field station. With this action, all Federal stocking of private waters will be terminated; in addition, display aquariums at six hatcheries will be closed for a cost savings of approximately $1.1 million.

Funding for endangered species will total $23.2 million in FY 1987 compared to $29 million in FY 1986. The largest single reduction of $4.2 million below the FY 1986 estimate results from termination of the state grant program. Endangered species recovery actions will be continued for the highest priority species. A reduction of $754,000 in Federal recovery actions for some species is proposed since certain projects will be completed in FY 1986 and others are now adequately funded through private and state sources. The budget proposes that the forensic laboratory, to be established with $1 million in FY 1986, will be operated in FY 1987 using receipts collected from port inspection fees.

No funds are requested in FY 1987 for new land acquisition from the Land and Water Conservation Fund or the Migratory Bird Conservation account. However, $1.5 million is requested to administer on-going acquisitions and an additional $16.5 million from the sale of duck stamps is estimated to be available for acquisitions in FY 1987, based on the proposed increase in the price of the duck stamp from $7.50 to $10.00. The $16.5 million will be used to acquire an estimated 24,800 acres of wetlands. During the past five years, considerable resources have been made available to the Service for land acquisition. For example, between 1981 and 1985, $108.5 million has been obligated from the Migratory Bird Conservation account to acquire more than 235,000 acres of important migratory bird habitat. During the same period, $165.5 million from the Land and Water Conservation Fund has been used to acquire 160,694 acres of other valuable refuge lands. In addition, during this period, donations of lands totalled 137,306 acres and approximately 1 million acres was added to the refuge system based on land exchanges. In FY 1986, $28 million in new Migratory Bird Conservation funds and $33.8 million from the LWCF are available to continue these acquisitions. However, the budget also includes a proposed rescission in FY 1986 of $5.0 million of previously appropriated land acquisition funds. The rescission of these lower priority land acquisition projects will help meet overall deficit reduction goals.

The FY 1987 budget proposes $5.6 million in appropriations for refuge revenue sharing payments to counties under the National Wildlife Refuge Fund, compared to $5.4 million in the FY 1986 estimate. Appropriated funds will be supplemented with prior year receipts (approximately $4.6 million) from the sale of timber, grazing privileges, oil, gas, minerals and from current user fees.

Both the Dingell-Johnson program of sport fish restoration grants and the Pittman-Robertson program of wildlife restoration will be fully funded in FY 1987. Payments under Dingell-Johnson are expected to increase by about $39.3 million to $161.5 million (a level which represents more than four times the 1985 amount), although estimated payments under Pittman-Robertson are expected to decline in FY 1987 by about $25.8 million to $95 million. This decline is due to delays in reporting receipts and a one-time adjustment made by the Internal Revenue Service in 1986 that caused amounts available in 1986 to be higher than previously estimated. The FY 1987 estimate represents a return to a more typical level of expenditures. For both Dingell-Johnson and Pittman-Robertson, the states will receive a larger share of total funding since about $11.8 million in funds previously used for Federal administration of both programs are being allocated to enhance state grants. Before I close my remarks, I would like to again bring attention to the fact that 1986 marks the 50th Anniversary of the Pittman-Robertson program.

Mr. Chairman, this concludes my prepared testimony. I would be pleased to answer any questions you may have.

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

April 12, 1986

Honorable Robert T. Stafford
Chairman, Committee on
Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed are responses to questions concerning our FY 1987 budget proposal and related areas forwarded to us by yourself and other Members of your Committee. These are in addition to previous responses to budgetary questions which were sent to you on March 3, 1986.

I hope that these responses provide useful information to you and to the other Members of the Committee.

Sincerely,

Deputy Assistant Secretary for Fish
and Wildlife and Parks

Enclosure

QUESTIONS SUBMITTED BY SENATOR STAFFORD

Question: First, one of the projects authorized in S. 1567 is a deepening of Mobile Harbor, Alabama. As I understand it, one of the issues of concern to your agency was the question of the spoil disposal at the Brooklay site. Would you please give us explanation of your views.

Answer: The Fish and Wildlife Service supports the economically feasible ocean dumping alternative rather than placement of additional dredged material at the Brooklay disposal site. Construction of wetlands has been proposed in conjunction with the Brooklay fill, but we do not, in this case, support construction of wetlands that would reduce important bay bottom habitats in Mobile Harbor. Our position on the Brooklay site is consistent with Section 404 b(1) Guidelines (EPA Regulations 40 CFR Part 230, Guidelines for Specification of Disposal Sites for Dredged or Fill Material).

Question: Second, we may add an authorization for mitigation for the Tennessee-Tombigbee Waterway. Would you give us your views of the Corps proposal, as well as the CEQ recommendation.

Answer: The Department referred the Corps' Tennessee-Tombigbee Waterway Mitigation Plan to CEQ because the plan was inadequate and did not comply with the goals of the Fish and Wildlife Service Mitigation Policy. We interpret CEQ's recommendations as support for the Service's position that full, in-kind mitigation of significant habitats, in this case bottomland hardwood forests, is justified and implementable. Therefore, the Service strongly supports the CEQ recommendation for mitigation of the Tennessee-Tombigbee Waterway.

Question: Mr. Horn, could you describe in greater detail the nature and causes of the alarming decline in waterfowl populations?

Answer: Duck breeding populations have declined since the recent high in 1979 and fall flight indices have been generally reduced during the same period. The basic causes of the duck decline has been an extended drought on the prairie breeding grounds and loss of habitat. At this time it is unclear what further impacts non-hunting mortality factors are having on the populations. Goose populations, with the exception of certain west coast groups, have been doing well. In the Pacific Flyway, cackling and dusky Canada geese have declined due to reduced breeding stocks and/or poor production.

Question: What are the factors that contributed to such a rapid drop in the count?

Answer: In the case of ducks, drought resulted in fewer water areas, a decline in the quantity and quality of upland and overwater nesting cover, and reduced production. Further, the dry conditions have favored drainage of wetlands for agriculture purposes and have resulted in cleaner farming, i.e., less nesting cover remains. We note that harvest rates for ducks remained high during the eighties in contrast to the lower harvest rates experienced during a previous drought in the 1960s. The effect the higher harvest rates may have had on population levels is not clear at this time. In addition, it is unclear what impact non-hunting mortality (e.g. disease) is having on the population decline. This question will be answered with the research planned for FY 1987 so that an appropriate management strategy can be implemented.

Goose populations in contrast have generally maintained themselves or increased during the eighties. The decline in cackling and dusky Canada geese result from one or more of the following: adverse weather, storm tides, predation and subsistence hunting on the breeding grounds.

Question: Is it a trend that continues?

Answer: In the case of ducks, we do not yet know what 1986 holds, however, moisture conditions on the prairie breeding grounds are not good at this time. A major spring storm could still improve the number of wetlands but there will be a lag in the development of nesting cover, particularly overwater nesting cover.

The restrictive regulations of 1985-86 hopefully reduced the duck harvest last season. We do not yet have the harvest figures nor do we yet know what effect, if any, a reduction in harvest may have had on the breeding population this spring. It is still too early to tell what the trend of duck populations will be in 1986.

We must await reports from the breeding grounds before forecasts can be made on the outlook for cackling and dusky Canada geese. It is usually June before such information is available. The Service is optimistic that the recent efforts to reduce subsistence hunting of geese on the breeding grounds will be continued in 1986.

Question: You mentioned that we are about to begin a formal program of cooperation with Canada on the waterfowl problem. Could you tell us what Canada is already doing? Are they responding with restrictions on hunting? Are they committing a large effort in terms of dollars? Do they have land acquisition and refuge management programs comparable to our own?

Answer: We have had a cooperative waterfowl management program with Canada ever since the Convention for the Protection of Migratory Birds was signed by the U.S. and Great Britain (on behalf of Canada) in 1916. Since 1952, the Canadian Federal and Provincial Governments have been active participants in the four administrative Flyway Councils. These Councils are the formal mechanism for international cooperation in the management of the waterfowl resource. A proposal has also been developed for a new program of cooperation with Canada to identify major management problems, establish objectives and propose a series of strategies for solution.

Our Canadian counterparts have responded with more restrictive hunting regulations in light of declining waterfowl populations. Both Canadian and U.S. regulations have focused on 3 key species, black ducks, mallards, and pintails. Canada is already committing a substantial amount of money for waterfowl habitat preservation activities. The Canadians, however, do not have the extensive acquisition and refuge management programs that we do. Thus, their habitat preservation program emphasizes voluntary agreements with landowners to set aside wetlands and agriculture lands in long-term easement or lease programs.

Question: And what precisely is the nature of our response? Reading your testimony, it seems that what the Service has done is restrict the hunting privilege and allocate $5 million for studies. Do you think that your program is an adequate response to the problem you have described?

Answer: Restriction of hunting activity and the $5 million increase in the FY 1987 are only part of our long-term strategy to reverse the waterfowl population decline. The Service has identified a need to preserve 5.6 million additional acres of waterfowl habitat in the U.S. and Canada by the year 2000. States and private conservation groups would also be expected to contribute to efforts to preserve habitat.

Question: If we had the original Fish and Wildlife Service budget proposal, would it show a much larger request to respond to the decline in waterfowl populations?

Answer: No, the Service's original budget proposal called for the $5 million enhancement package for waterfowl. This proposal included $3 million for research and $2 million for operational/management funding to benefit waterfowl production and habitat management.

QUESTION: The Pittman-Robertson (P-R) program for sport fish and wildlife management has increased dramatically in size as a result of the recent amendments and reauthorization. Dramatically means four-fold in three years in this case. Yet, you are recommending a reduction of 50 people and $11 million in the Federal element of this program. What is the thinking behind that proposal and again let me ask you if that is a change recommended by the Service itself or was that a decision imposed on you by the Department or by OMB?

ANSWER: Even with the anticipated large expansion of the Federal Aid programs, we believe that the Fish and Wildlife Service can meet its mandatory requirements for grant program administration within the proposed budget. We can rely on internal State procedures for the management of their grant programs, and reduce the level of program overview and monitoring. Also, we will reduce the Federal role in areas, such as direct assistance to the States, which are not clear Federal responsibilities. These changes will decrease the total costs for P-R and Dingell-Johnson (D-J) program administration by $1.7 million and 52 FTE's.

The largest decrease of nearly $7 million is a result of discontinuing the funding of special projects previously funded by P-R and D-J administrative deductions. We believe that other funding sources should support these projects, if they are to continue. An alternative funding source is for all States to enter into a joint project to cooperatively fund those projects which the States wish to have continued.

The decision to decrease the Service's administrative funds and personnel is consistent with the administration's goal to reduce the Federal role in areas not clearly Federal responsibilities, and to achieve overall reductions in Federal employment. Although it was not originally proposed by the Service, the Service supports this decision to reduce the administrative funds and personnel since these reductions would provide for additional funding directly to the States.

Question: What is the level of FY 1986 and planned FY 1987 funding (in appropriation-level dollars in nongame research?

Answer: Some background information is in order. Broadly defined, "nongame wildlife" includes all species not formally designated as game species by State and/or Federal law. In discussing our research program, we will interpret the intent of your questions more narrowly and not include work underway involving endangered species. We will also not include contaminant related research. Instead, we will emphasize research at laboratories funded by the Wildlife Resources Program.

The FWS Budget Justification for Research and Development activities funded by the Wildlife Resources Program includes a separate category for "nongame species." Research in this category emphasizes nongame migratory bird species in the U.S. and Latin America. It also includes Service research and curatorial activities at the National Museum of Natural History in Washington, D.C.

Nongame species are addressed, to varying degrees, in research projects included in the category, "Wildlife Ecology on Public Lands" and to a significantly lesser degree in the "Wildlife Health" category. It is also worth noting that the "marine mammal" category includes "game" species (polar bear, walrus, sea otter) which can presently be harvested only for subsistence purposes. The following discussion, and the responses to the remaining questions, will not include reference to these other categories.

"Nongame Species" Research Category

(Wildlife Resources Funds Only)

FY 1986 Adjusted Appropriations	FY 1987 Budget Justification
$1,250,000	$1,144,000

FWS Cooperative Fish and Wildlife Research Units are also engaged in research on several nongame species. Funding for this Cooperative Unit research is derived from Service appropriations, other Federal agencies and States. A review of FY 1986 projects indicates that approximately $440,000 (15%) of Service funds actually going into Cooperative Unit wildlife research ($2,940,000) is in support of nongame wildlife studies, exclusive of endangered species work. This figure is not expected to change appreciably in FY 1987.

Question: Please provide a list of current nongame research projects and indicate their planned completion dates.

Answer: Following is a list of current research work units on "nongame species" at Service laboratories, funded by Wildlife Resources Program.

FY 1986 Non-Game Wildlife Research

Division of Wildlife Research

Alaska Office of Fish and Wildlife Research

Work Unit	Species	Study	Completion Date
937.01	Alaskan seabirds	seasonal distribution/ abundance	FY 90
937.02	Alaskan seabirds	population dynamics/ ecology	FY 90
937.03	Alaskan seabirds	seabird/fishery interactions	FY 95
938.01	Alaskan shorebirds	distribution/migration patterns	FY 86
938.02	Alaskan shorebirds	habitat requirements	FY 86
938.03	Alaskan shorebirds	habitat use/migration	FY 86
	Patuxent Wildlife Research Center		
934.09	nongame migratory birds	analysis of count data	FY 86
934.10	nongame migratory birds	evaluation of breeding bird atlas	FY 87
934.11	nongame migratory birds	application of telemetry	FY 87

Work Unit	Species	Study	Completion Date
936.01	neotropic forest birds	effects of deforestation	FY 87
936.02	Caribbean terns	distribution/mortality	FY 86
939.11	U.S. migratory song birds	effect of forest fragmentation	FY 86
939.20	U.S. migratory song birds	habitat correlates in Breeding Bird Survey	FY 86
939.21	coastal water birds	habitat requirements	FY 87
939.22	Rio Grande vertebrates species	effects of management practices	FY 86
	Denver Wildlife Research Center		
654.01	North American birds	museum curation	cont.
654.02	North American herps	museum curation	cont.
654.03	North American mammals	museum curation	cont.
935.01	No. American birds	distribution/populations	cont.
936.01	Latin American birds	distribution/populations	cont.
939.02	migratory birds	use of riparian habitats	FY 90
951.01	No./Latin American herps	distribution/status	cont.
951.02	No./Latin American mammals	distribution/status	cont.
952.01	Mexican vertebrates	distribution/status	FY 90

Question: What are the Fish and Wildlife Service's immediate and long-term goals in nongame research? Please state these goals in specific terms with regard to species or species groups, and direction or content of research topics.

Answer: The Service plans to retain staff expertise and continuing research on "nongame species" over the short term at a static or only slightly declining level. "Nongame species" research will continue to include studies to identify species approaching threatened status and to evaluate human/species conflicts. Projects will also continue to support the Service's role in Latin America and at the National Museum of Natural History.

Question: Does the Fish and Wildlife Service plan on redirecting any of its nongame research to waterfowl investigations and/or other topics? If so, what is the extent of this redirection and what is its justification?

Answer: Based on the President's FY 1987 budget, the Service has no plans for significant reductions in funding from the "nongame species" category to other research. However, the Service annually conducts a review of those work units ending in the current Fiscal Year to determine if redirection of base funds and personnel is necessary. Should such redirection become necessary, some minor adjustments from all research categories may be essential to direct research and management actions to reverse the decline of waterfowl populations.

Question: Are there other Federal agencies conducting nongame research? Do you know of the extent of State, university and private involvement in nongame research?

Answer: Several other federal agencies are involved in nongame wildlife research, particularly those with land management responsibilities (Bureau of Land Management, Forest Service, National Park Service). State conservation agencies and universities are also involved in nongame research but there is no single source of information on the magnitude of this effort.

Question: What is the level of Section 6 funding supporting Puerto Rican parrot recovery?

Answer: For FY 1986, the total Section 6 funding for Puerto Rican parrot recovery efforts is $134,000, a slight increase from the FY 1985 level of $127,200.

Question: What are Section 6 funds used for with respect to the Puerto Rican parrot?

Answer: The FY 1985 funds supported two projects: completion of the Rio Abajo forest evaluation ($75,000), and planning for the construction of the Rio Abajo aviary and the development of captive propagation techniques ($52,200). All FY 1986 funding will be used for actual construction of the Rio Abajo aviary and the hiring of the aviary staff after construction ($134,000).

Question: What would be the impact on Puerto Rican parrot recovery efforts by elimination of Section 6 funding, as proposed in the President's FY 1987 budget?

Answer: In general, although elimination of the Section 6 State grant program is requested in FY 1987, the Service will not allow the termination of any recovery efforts that are deemed essential to a species survival. Without Section 6 funding in FY 1987, the Puerto Rican Department of Natural Resources will be encouraged to continue its operation of the Rio Abajo aviary with its own resources. Actions contemplated for this aviary include establishment of a captive breeding flock, and subsequent release to form a second population of parrots in the Rio Abajo forest (where no parrots currently exist). If this becomes unworkable and the parrot operation is determined to be critical to maintain, a decision will be made on the possibility of continuing an appropriate level of Rio Abajo operations using Section 15 funds in FY 1987.

Question: Without Section 6 funding for the Puerto Rican parrot, would the Fish and Wildlife Service be able to meet its commitment to recovery of this species?

Answer: Yes. Using Section 15 funds, the Service will be continuing its ongoing Puerto Rican parrot recovery efforts, such as the primary emphasis at the Service's Luquillo aviary in the Caribbean National Forest, where parrots produced by the present captive flock of 30 birds will be released to supplement the 25 birds now in the wild.

Question: The budget proposal for FY 1987 contains a recommendation to close to the public a visitor center (aquarium) at the Dexter Fish Hatchery in New Mexico for a savings of $14,000. It is my understanding the savings comes from lower utility costs. In reviewing the budget justification, the Service recommends that the visitor center be closed, but placed in a "caretaker status". Furthermore, the facility is not planned for disposal, and therefore, is to be maintained to "prevent deterioration". The Dexter visitor center is a brand new facility, only opening in 1984. If the Service intends to retain the facility, what is the purpose in closing it for the coming year?

Answer: Closure of the aquarium at the Dexter National Fish Hatchery is part of a Service effort to decrease expenditures and restrict them to absolutely essential activities. The Service has proposed a reduction of $154,000 in funding for interpretation and recreation (I & R) purposes at national fish hatcheries. This activity can be eliminated without impacting direct resource management-related fish production, the fundamental mission of these hatcheries. This action entails the closure of six aquaria at various fish hatcheries and a reduction in I&R support at the Regional and Washington offices.

Estimates of savings for the proposed aquarium closures, including the $14,000 at Dexter, were based on the amount of I & R funds allocated to the hatcheries in the FY 1986 budget and represent the estimated annual cost of operating these aquaria. Costs are incurred for such things as utilities (electricity for circulating pumps, chillers, heaters, filtration), fish food and drugs, daily custodial maintenance, collection or securing of specimens, and printing of informational leaflets.

In the case of the Dexter NFH, the aquarium building is located on the main hatchery grounds and is an integral part of the overall hatchery facilities. Since fish production at the hatchery will continue, it would not be practical to sell or otherwise dispose of the aquarium. Therefore, it will be retained and maintained to prevent deterioration. As future budgets permit, consideration would be given to re-opening the aquarium for public use. In the interim, the hatchery will remain open for public visitation and static interpretive displays will be retained.

11.

QUESTIONS SUBMITTED BY SENATOR BAUCUS

Question:	How does recovery of threatened and endangered species rank among Fish and Wildlife Service priorities?
Answer:	Implementation of the Endangered Species Act continues to be a high priority of the Fish and Wildlife Service, with recovery actions for listed species receiving strong attention and emphasis. In recent testimony before the Congress, the Assistant Secretary for Fish and Wildlife and Parks pointed out five major thrusts of the Service in FY 1987, one of which was carrying out the mandates and responsibilities of the Act.
Question:	What is the role of the states in threatened and endangered species recovery?
Answer:	The Service considers the States to be full partners in implementing recovery actions for listed species. There are many examples of cooperation, ranging from acquiring needed habitat to monitoring population status to developing techniques for propagation and release.
Question:	What then is the justification for eliminating Sec. 6 funding to states for threatened and endangered species recovery work? Are you saying that the Fish and Wildlife Service can meet the intent of the Endangered Species Act without the assistance of the states?
Answer:	The Service fully expects that the States will continue to assist in the implementation of recovery actions for listed species, but without federally-appropriated Section 6 grants. The Service's proposal regarding the State grant program is based on the philosophy that the responsibility for endangered species conservation should indeed be shared among the federal, State, and private sectors. At present, the federal share (including funds appropriated to other federal agencies for management of listed species on their lands) is estimated to far exceed that of our State and private partners. Terminating the grant program clearly emphasizes the need for increasing State and private involvement in the conservation of listed species. The Service believes that this approach will focus the attention of States and private individuals on the endangered species issue, and, ultimately, should increase the resources available for conservation efforts. In the interim, Section 15 recovery funds will still be available to maintain specific recovery efforts deemed essential to a species survival. The Service will not allow the termination of such efforts as a result of the loss of State grant funds.

Question: How many threatened and endangered species programs would be affected by elimination of the Sec. 6 funding?

Answer: In FY 1986, the Service has allocated grant funds for 154 State projects, covering approximately 160 different listed species. However, no accurate count can be made for FY 1987 without specific State proposals, as the number of projects affected will depend upon final State management and funding decisions.

Question: How do these species rank among the Fish and Wildlife Service's recovery priorities; that is, are they all equal in priority under the plan to eliminate Sec. 6 funding?

Answer: Allocation of grant funds to the States is based upon application of the Service's established recovery priority system, which uses criteria for evaluating immediacy of the threats faced by the species, and the importance of the proposed projects in reversing the threats. In the majority of cases, final approval of a State proposal is given to those projects with the highest recovery priority. However, because the decision on which projects will ultimately be funded is negotiated with each qualifying State, lower priority projects (from a national standpoint) are often funded because they are the only projects which a number of States are interested in and/or are able to propose and subsequently share in funding. The Service's decision to terminate the grant program in FY 1987 considered the program as a whole, not for any one State or project.

Question: Are there other reductions in the threatened and endangered species program beyond elimination of Sec. 6 funding to states? Can you specifically address the question of the grizzly bear?

Answer: In addition to reducing the grant program, the Service is requesting reductions in four other subactivities of the Endangered Species Program. These reductions were additions to the FY 1986 budget, and their continuation is not requested, as they were designed to accomplish specific objectives which are expected to be attained by the end of this year. The proposed FY 1987 reductions are summarized as follows:

Listing: -$249,000 for surveys of additional candidate species.

Protection: -$1,193,000 for forensics lab (-$1,093,000; funds to be substituted from port user fees); Caribbean education/enforcement activities completed (-$50,000); and CITES permit processing improvements completed (-$50,000).

Recovery: -$754,000 for completion of or reduced need to continue seven specific recovery projects--Aleutian Canada goose (-$148,000), California condor (-$298,000), peregrine falcon (-$149,000), grizzly bear (-$25,000; completion of studies on impacts of road usage and backcountry recreation on bear behavior), Hawaiian forestbirds (-$74,000), whooping crane (-$50,000), and California brown pelican (-$10,000).

Research: -$148,000 for completion of or reduced need to continue two specific research projects--black-footed ferret (-$49,000), and whooping crane (-$99,000).

Question: How will a cutback in funding affect a rancher in Montana who must deal with a marauding bear?

Answer: None of the Service's requested FY 1987 funding reductions will impact a Montana rancher who is threatened by a grizzly bear. Except for reducing funding for FY 1986 studies on grizzly bear habitat use, all other ongoing grizzly bear recovery projects are scheduled to be maintained in FY 1987, as are on-site protection activities and law enforcement efforts to reduce or preclude human/bear conflicts.

Question: Do you think these program reductions will enhance or inhibit the ability of the federal government to gain state cooperation in threatened and endangered species recovery programs?

Answer: The Service believes that none of these proposed FY 1987 funding reductions will seriously impact its ability, or that of the States, to carry out the responsibilities of the Endangered Species Act. In a real sense, the FY 1987 proposal clarifies the need for all interested parties--especially States and private groups--to assume a more active role in species conservation efforts in the future. The Administration's policy of curbing federal government expenditures affects all departments and agencies, as does P.L. 99-177 enacted by the Congress. As a result, the States are well aware that many federal actions will be reduced in scope and funding. Further, with the high priority given to species conservation programs in recent years by both the Service and the States, the Service expects that all parties will maintain their own important efforts in this area.

Question: Should the states finance these programs without federal cooperative funding?

Answer: As stated previously, the Service believes that the responsibility for endangered species conservation should be shared among the federal, State and private sectors. Other mechanisms besides federal Section 6 grants currently exist to fund State species conservation programs, such as State income tax check-offs and species-specific corporate grants.

Question: Will the Fish and Wildlife Service meet its legal mandates under the Endangered Species Act with these program reductions and without the benefit of state cooperation?

Answer: Yes, the Service will be able to meet its mandates and responsibilities of carrying out the Act with the resources proposed in the FY 1987 budget request. In any given year, various recovery projects are completed or terminated. Many of the funding reductions proposed for FY 1987 represent such anticipated completions, such that continuation of these resources is not critical next year. Through use of certain Section 15 funds, the Service will again be utilizing State expertise on selected recovery projects. State cooperation continues to be an integral part of implementing recovery plan actions for listed species.

QUESTIONS SUBMITTED BY SENATOR SYMMS

Question: I note the Fish and Wildlife Service has budgeted $29 million for administration of the Endangered Species Act. How much of this is for research and review designed to lead to listing new species?

Answer: The 1987 base for the Endangered Species Program is $29,897,000, while a total of $23,160,000 is requested. Of this latter amount, $2,937,000 is requested in FY 1987 for the Listing subactivity, the function which includes reviewing candidate species and determining their eligibility for listing under the Endangered Species Act.

Question: How much is budgeted for species re-introduction? In particular:
a) the woodland caribou
b) the gray wolf
c) the grizzly bear

Answer: In FY 1987, the Service is requesting approximately $905,000 within the Endangered Species Program's Recovery and Research subactivities for re-introduction actions for 17 listed species. Of this amount, $174,000 is requested specifically to investigate early winter habitat, calf mortality, and genetic research on the Selkirk Mountain woodland caribou herd, and explore transplants to augment woodland caribou herds. At this time, no funds are requested to re-introduce either the gray wolf or the grizzly bear.

Question: What is the average cost of listing a species?

Answer: In FY 1985, the average cost of a listing action (listing, delisting, or reclassifying) for a species was $48,000, while the average cost for such an action over the past three years was $68,000. The reduction in average annual cost can be tied directly to the streamlined listing procedures (due in large degree to the 1982 Amendments to the Act), and improved staff performance (as the increased yearly number of species listed now ranges between 50 and 65). This average cost includes functions other than just drafting and administrative processing of draft and final rules. These aspects include: compilation, screening, and republication every 1 or 2 years of candidate species lists; proposing, reviewing, and overseeing contracts for status surveys; responding to petitions received on candidate species; conducting requested public meetings and hearings; printing all proposed and final rules, and annually reprinting the U.S. List of Endangered and Threatened Wildlife and Plants; compiling necessary economic information whenever critical habitat is proposed; conducting the 5-year reviews required by the Act (to evaluate continued listing status); and listing program management, oversight, administration, and communication with other interested parties.

Question: If an average is difficult to calculate, do you have an estimate of the cost of listing the Bruneau snail?

Answer: Using FY 1985 data (as detailed above, including all aspects of listing a species), the Service projects that the cost to list the Bruneau snail would approximate $48,000.

Question: The budget for endangered species for 1987 shows a reduction of $7 million (over 1986). Is this a uniform reduction in all activities or is the reduction specific to a certain program?

Answer: The requested reduction of $6,737,000 from the FY 1987 base applies to five separate subactivities: Listing (-$249,000), Law Enforcement and Protection (-$1,193,000), Recovery (-$754,000), Research and Development (-$148,000), and Cooperation with States (-$4,393,000).

Question: Would it be beneficial if the funds currently budgeted for listing endangered species were alternately available for general management activities?

Answer: At the present time, no. Only if no further species were eligible to be listed would the Service request that current listing funds be redirected towards recovering presently-listed species. However, as approximately 1,000 candidates currently await formal listing proposals, and about 3,000 species still need to be reviewed for listing eligibility, the Service believes that continuing a basic listing function is necessary, and that annual resources for implementing this subactivity under the Act will be needed.

Question: The 1987 budget request includes $808,000 for "Lower Snake River Compensation Plan - increased operation". What does this mean?

Answer: The Lower Snake River Compensation Plan (LSRCP) was authorized by the Water Resources Development Act of 1976 to mitigate fish and wildlife losses caused by construction of four dams on the lower Snake River in Washington. Under the plan, the Army Corps of Engineers is constructing a number of fish hatcheries and other facilities to provide for restoration of salmon and steelhead runs of the Snake River basin. The Fish and Wildlife Service budgets for operation and maintenance (O&M) of these fish-related mitigation facilities,, most of which are operated by the states of Oregon, Washington, and Idaho under contract with the Service. Because impacts on the fish resources result primarily from the power-generation features of the dams, most construction and O&M costs of these mitigation facilities are reimbursed to the U.S. Treasury by the Bonneville Power Administration.

The Service's FY 1987 request includes an increase of $809,000 to continue operational start-up at several new facilities and to begin operations at one new facility that will be completed in FY 1987. The proposed increase will allow continued progress toward achieving the mitigation objectives of the LSRCP. A summary of 1987 O&M needs follows:

Installation/Function 1/	FY 1986 Adjusted Approp. ($000)	FY 1987 Base ($000)	FY 1987 Estimate ($000)	Change (+/-) ($000)
Anadromous Fish Mitigation 2/				
Irrigon SFH, OR	707	734	765	+31
Lookingglass SFH, OR	278	289	350	+61
Lyons Ferry SFH, WA	961	997	1,238	+241
Clearwater SFH, ID	196	204	250	+46
McCall SFH, ID	304	316	336	+20
Sawtooth SFH, ID	623	647	661	+14
Magic Valley SFH, ID	256	265	612	+347
Dworshak NFH, ID	163	169	180	+11
Hagerman NFH, ID	505	524	562	+38
Fish Disease Biologist, ID	19	20	20	
Resident Fish Mitigation 3/				
Lyons Ferry SFH, WA	245	254	254	
Fishery Evaluations	890	923	923	
LSRCP Coord./Regional Off.	242	260	260	
TOTAL COST	$5,389	$5,602	$6,411	+$809

1/ NFH - National Fish Hatchery. SFH - State-operated fish hatchery.
2/ 100% reimbursed to the Treasury by Bonneville Power Administration.
3/ 83.8% reimbursed to the Treasury by Bonneville Power Administration.

The Service's FY 1987 Budget Justification provided to the Committee includes a more comprehensive description of the LSRCP mitigation program.

United States Department of the Interior
FISH AND WILDLIFE SERVICE
WASHINGTON, D.C. 20240

ADDRESS ONLY THE DIRECTOR,
FISH AND WILDLIFE SERVICE

MAR 0 3 1986

Honorable John H. Chafee
Chairman, Subcommittee on
Environmental Pollution
United States Senate
Washington, D.C. 20510

Dear Senator Chafee:

On behalf of the Fish and Wildlife Service, I would like to express our appreciation for the recent opportunity to appear before your Subcommittee to testify on the FY 1987 proposed budget for the U.S. Fish and Wildlife Service. Enclosed are responses to specific budgetary questions which you and other Members of your Subcommittee forwarded to us prior to the hearing.

I hope that this information is useful to you.

Sincerely,

F. Eugene Hester

F. Eugene Hester
Deputy Director

Enclosures

Response to Questions from
Senator Chafee

Question: Bon Secour National Wildlife Refuge (NWR) was established to preserve fragile barrier island habitat along the Alabama Gulf Coast. Approximately 8,000 acres still need to be acquired to complete the refuge and provide the habitat protection Congress intended. How is targeting for rescission the $951,000, which was appropriated for FY 1986 to continue acquisition of Bon Secour NWR, consistent with this intent?

Answer: Through FY 1985 $18,162,000 have been appropriated for acquisition to the refuge of approximately 4,000 acres. The Service has requested rescission of $951,000 since the majority of habitat for the Alabama Beach Mouse has been acquired. Deferral of additional acquisition will not have an irreversible effect on the species. Of all the specifically legislated acquisition areas it was the lowest Service priority. Recent legislation extends the authority, so lands could be acquired at a later time.

Question: The decision not to acquire Tortuguero Lagoon and to request a $4 million rescission for FY 1986 apparently is based largely on a commitment by Puerto Rico to protect this area. Has Puerto Rico made a commitment to protect Tortuguero in perpetuity? If not, what plans has the Fish and Wildlife Service (FWS) made to ensure such protection?

Answer: We negotiated with the Commonwealth under the Executive Order 12372 (Inter-Governmental Coordination Act of 1976; previously OMB Circular A-95) process. Under this process a single point of contact is established within the state to review proposed federal actions within the state. This point of contact is the only person who can initiate the "accommodation or explanation" response to federal agencies. In Puerto Rico the point of contact is the Planning Board Chairman.

Our request to acquire lands for Tortuguero NWR was immediately denied by the Planning Board Chairman. The basis for their refusal was the Governor's Proclamation of Feb. 5, 1979 which gave protection to Tortuguero. The refusal further stated the Commonwealth's intent to protect the area.

Should the Commonwealth in the future reverse their decision to allow us to acquire these lands, we will reconsider this acquisition with other priorities of the Service.

Question

The FWS has recently signed Cooperative Agreements with 13 states (e.g., Colorado, Maine, South Dakota) to initiate a combined Cooperative Fish and Wildlife Research Unit, in which the FWS promised to provide at least three people to each of these Units. Have these commitments been kept? Will they be kept in FY 1986? In FY 1987?

Answer

The U.S. Fish and Wildlife Service has not been able to provide the three employees which were committed to each state where existing Fishery and Wildlife Research Units were combined.

Because of the general reduction of 0.6 percent in the Service's 1986 appropriation coupled with the 4.3 percent reduction mandated by the Gramm-Rudman-Hollings Act (Public Law 99-177), those commitments will not be fully met in FY 1986.

The FY 1987 budget request restores part of the FY 1986 reduction. It would allow the Service to place three staff members at selected high priority Units, but not all of them. Until resources are available to completely staff all of the combined Units, the Service intends to ensure that both the fish and wildlife disciplines are represented at each Unit.

Question

Why has the Service decided to apply the 4.3% reduction mandated by P.L. 99-177 to the Cooperative Research Unit program when this program already has been reduced by nearly 25% through combination of Wildlife and Fishery Units?

Answer

The process of combining Fishery and Wildlife Units did not reduce the Cooperative Research Unit program. The Service decided that combined units would make more efficient and effective use of the resources that were available. Those resources were sufficient, at the time the process of combination began, to support a maximum of three federal employees at each combined Unit.

Public Law 99-177 is interpreted to mean that its across-the-board provisions apply to all Service programs and field stations. Therefore, the Cooperative Unit Program was reduced by the mandated 4.3 percent, as were all Service programs.

Question

FWS has a "Wildlife Project" at Grambling State University in Louisiana and a "Fishery Project" at Pine Bluff College in Arkansas. What is the purpose of the these programs? Are FWS employees stationed at these locations? Could any FTE's and funds allocated to these projects be shifted, along with their functions, to the Unit program?

Answer

The United States Fish and Wildlife Service, as part of its program with Historically Black Colleges and Universities, works with Grambling State University and the University of Arkansas at Pine Bluff. Their purpose is to encourage interest and develop ability in wildlife (GSU) and fish (UAPB) in undergraduate minority students. Part of the problem of underrepresentation of minorities in the Service work force has been lack of well-trained, committed students. Through efforts with these two universities the Service hopes to increase the pool of potential employees.

The Service has stationed one employee at each university.

The program in question is currently managed by the Division of Cooperative Fish and Wildlife Research Units. However, the funds ($210,000) and FTE's (2) involved are not a part of the Cooperative Unit program budget. These resources are derived from other Service programs. The functions are intimately associated with the Unit program. They could not be shifted to an existing Cooperative Unit because no units are located at the historically black colleges or universities.

Question:	The more than 50 percent reduction in the number of FTE's allocated to the Federal Aid programs appears to be justified largely by decreasing federal overview for those states which have opted to develop long-range resource conservation plans. However, only five states have such approved plans. With only half as many people, how will the FWS continue to provide the project-by-project review and approval for those states without approved comprehensive plans, which is required by the Federal Aid statutes?
Answer:	The Fish and Wildlife Service will continue to meet its mandatory requirements for administration of the P-R and D-J grant-in-aid programs. However, the level of program administration will change to become less labor intensive, thereby reducing the amount of staff necessary to administer these two Federal Aid programs. Changes under consideration are to reduce the level of review of project proposals, to curtail on-site monitoring of active projects, and to decrease compliance reviews by relying on the states' internal management practices or on the audit process. Other measures to decrease the Federal Aid program staff are to reduce the role of the Service in providing direct assistance to the states, and to the program information functions.

Question : Why is the FWS proposing to discontinue the National Survey of Fishing and Hunting in FY 1987? The funds saved by elimination of this project will still be expended by allocation to the states. Moreover, the states would rather have the project continued than have the additional funding. Thus, the proposal results in no savings and controverts the wishes of the states, which the federal aid program was meant to assist.

Answer: A direct pass-through of the funds for the National Survey of Fishing, Hunting, and Wildlife-Associated Recreation would be a more efficient use of these funds. The states could decide individually whether they wanted to support the National Survey and could contract with the Bureau of the Census directly to complete the survey by matching the funds provided by the Federal Aid program.

Question: Under the new initiatives for waterfowl production and habitat management (+$2 million), how much will be spent on annual payments for leases on private land? Where will these leases be acquired? With this initiative is the Service making the Region 3 pilot program operational? If this is now to be an operational program, does FWS intend to continue its expansion and continue its funding under Population Management, Wildlife Resources? Are there any plans to use the Migratory Bird Conservation Fund for such short-term leases?

Answer: Approximately $350,000 of the Waterfowl Production and Habitat Management Initiative will be expended for short-term management leases on private land. These lease agreements will be accomplished generally in the prairie pothole states such as Minnesota, North Dakota and South Dakota. This leasing program would include "piggy-backing" existing management leases on Conservation Reserve contracts (connected to the Farm Bill 1985). In addition, the proposal would provide for leases with payments for restoration of drained wetlands, development of wetlands, and establishment of nesting cover on surrounding lands.

In general, these leases will be targeted for those lands already under agreements (i.e.. Conservation Reserve, Waterfowl Production Areas, etc.) This is intended to expand the Region 3 program and, because of the resource benefits, the Service plans to continue this program with funding under Populations Management, Wildlife Resources.

In general, the Migratory Bird Conservation Fund (MBCF) will not be used for such short-term leases. The MBCF will not overlap or duplicate the leasing programs in the Waterfowl Production and Habitat Management initiative.

Question : FWS has identified hunting mortality and habitat loss as the principal factors responsible for the decline in waterfowl populations. Why, then are funds requested for the study of nonhunting mortality losses rather than for acquisition of habitat using funds from the Wetlands Loan Act fund?

Answer: The declines in waterfowl populations have been caused by a combination of factors including habitat loss, a severe drought on the principal breeding grounds, and an intensification of agricultural use of waterfowl habitat. As the draft North American Waterfowl Management Plan states (November 1985): "The major requirement for waterfowl conservation in North America is to develop and implement a broadly based habitat management and conservation program. This program cannot be established wholly on acquisition of lands. It also must be generally beneficial or neutral with respect to agricultural activities or industrial land uses. The efforts required to maintain and enhance waterfowl habitat in North American are beyond the capability of public agencies alone." The Service will continue to protect waterfowl habitat through expenditure of funds from the sale of "duck stamps"; this source of revenue is reliable and continues to be supported by private citizens, as well as public organizations. The Service will also continue to work with other Federal agencies (such as USDA), private citizens, and private conservation groups (such as Ducks Unlimited) to protect waterfowl habitat through means other than outright acquisition.

Thus, while acquisition/protection of habitat will proceed in FY 1987, vital research on nonhunting mortality is also needed. This is because the role of hunting and nonhunting mortality in regulating waterfowl populations has yet to be fully elucidated. In setting the 1985-86 hunting season, the Service took a conservative approach and restricted duck harvest in the face of a severe drought and continued habitat loss. Nonhunting mortality losses are undoubtedly exacerbated by environmental conditions such as drought or habitat loss. We need to understand the magnitude of nonhunting mortality from various sources and how this mortality varies with environmental conditions in order to assess the effects of hunting mortality on waterfowl populations.

Funds proposed under "Nonhunting Mortality of Waterfowl" will be used to study (1) what factors are responsible for low duckling survival from hatching to flight stage (2) how survival of mallards, pintails and canvasbacks varies with different environmental conditions during migration and during winter and (3) what factors are most important in determining survival of Arctic nesting geese in winter and to model the population factors in order to assess effects of various parameters and management actions.

Question : What consequences has transfer of ADC had on (1) the ability of FWS to manage migratory birds; (2) to protect endangered species; (3) to conduct research at the Denver Wildlife Research Laboratory?

Answer: The ADC function has yet to be totally transferred from the Service, thus concrete effects are unknown. However, little to no impact is expected if USDI can successfully develop a cooperative agreement with USDA to continue research on specific control techniques for reduction of predators affecting waterfowl populations and selected endangered species. All ADC research activities currently conducted by the Denver Wildlife Research Laboratory, as well as the Denver facility itself, will be transferred to USDA.

Question: What provisions has been made in the proposed FY 87 budget to take corrective action on "Category A" national wildlife refuge contaminant issues? To conduct in-depth monitoring and analysis of impacts from "Category B" national wildlife refuge contaminant issue?

Answer: The Service did not request increases in the proposed FY 1987 budget for monitoring and clean up efforts. Monitoring is currently ongoing on a number of refuges (75 refuges in FY 1985 and 55 refuges in FY 1986), and funding, primarily provided by the Service, has been supported by other Federal, State, and private interests.

The Service released the report entitled "Preliminary Survey of Contaminant Issues of Concern on National Wildlife Refuges" in early February 1986. Action plans to address response strategies for each identified issue and associated cost estimates should be completed by May 1986. When funding estimates become available, the Service intends to make appropriate in-house adjustments or reprogrammings to accommodate the highest priority needs. The Service will also seek cooperation from those responsible for creating the problems in funding both studies and remedial actions. In addition, future sampling efforts associated with the report will depend on recommendations contained in the action plans, and the interpretation of data resulting from field samples now being analyzed.

Question: Please provide a more detailed justification for the $109,000 reduction proposed for implementation of the Western Hemisphere Convention. Because these additional funds were provided, in part, for improved conservation of this hemisphere's migratory birds, how is this decrease consistent with expansion of other FWS efforts to reverse declining migratory bird populations?

Answer: The declining populations of migratory birds are most acute in the North American populations. The proposed initiatives include programs to deal with such problems as loss of habitat, non-hunting mortality and declines in breeding of some species. These programs are intended to resolve the highest priority concerns in these North American populations.

Most of the activities funded under the Western Hemisphere Convention are targeted for migratory bird populations of the Central and South American countries. These migratory bird populations are more stable than the declining North American populations and therefore are a lower priority concern for the Service at this time.

Question: Given that there are more than 1,100 species that warrant listing under the Endangered Species Act and that the FY 86 funding for listing will have to be cut by $139,000, why didn't FWS propose continuing the FY 86 add-on for status surveys to increase the number of candidate species proposed for listing?

Answer: Biological information is already available on these 1,100 recognized candidate species to support current annual rates of formal listing proposals. Within the levels proposed for listing in the FY 87 President's budget, the Service will be able to continue to meet its commitment to propose species for addition to the list, in order of priority, at a steady, well-managed pace. To conduct additional status surveys to gather more information would only increase the backlog of candidate species deemed eligible for listing, not accelerate the listing process.

Question: The justification for eliminating funding for the States under Section 6 of the Endangered Species Act is flawed. Part of that justification rests on the assumption that these grants were intended as an incentive to promote state involvement in endangered species activities. Congress enacted Section 6 because it recognized that a strong state/federal partnership was essential to the success of our efforts to recover endangered and threatened species. A second justification provided for zeroing Section 6 funds in the FY 87 budget proposal is that state income tax check-off programs are expected to increase. Income tax check-off receipts in 15 states are not increasing but instead are on the decline. Consequently, the ability of these states to assist in the recovery of federally-listed species is declining.

Question: What evidence exists that "no important recovery program would be terminated as a result of the loss of State grant funds"?

Answer: In FY 1982, no appropriation was requested or enacted to continue the Section 6 state grant program. As far as we know, no important recovery project was terminated that year. Based upon that experience, we believe that no major project will be terminated in FY 1987 as a result of again eliminating the state grant program.

Question: Would the recovery of any species be impaired by the elimination of these funds?

Answer: As stated above, the Service believes that no high-priority recovery project will be eliminated due to termination of the State grant program. The pace or scope of implementation may be impacted, however, but the states are expected to be able to maintain ongoing conservation efforts. Further, using the established recovery priority system, the Service may elect to use Section 15 funding to continue a few of the highest priority projects previously funded under the Section 6 grant program.

Question: Why should the burden for recovery of species assisted by Section 6 funding be transferred solely to the states and private individuals and corporations?

Answer: The Service's proposal to abolish the State grant program is based on the philosophy that the responsibility for endangered species conservation should indeed be shared among the federal, state and private sectors. At present, the federal share (including funds appropriated to other federal agencies for management of listed species on their lands) is estimated to far exceed that of our state and private partners. Abolishing the grant program clearly emphasizes the need for increasing state and private involvement in the conservation of listed species. The Service believes that this approach will focus the attention of state and private individuals on the endangered species issue, and, ultimately, should increase the resources available for conservation efforts. In the interim, Section 15 recovery funds will still be available to maintain specific recovery efforts deemed essential to a species survival. The Service will not allow the termination of such efforts as a result of the loss of state grant funds.

Question: Don't we get more recovery effort per federal dollar by matching with state funds?

Answer: The present ratio of shared funding for State grants is 75 percent federal and 25 percent State. If more than one State is involved, then the federal share increases to 90 percent. While it is true that State contributions supplement federal grant funds and provide the potential for more recovery effort per federal dollar (with the matching State portion freeing up federal funds to assist States in initiating other projects), this is qualified by several other considerations. First, administering the grant program results in additional costs at both the federal and State levels (project review, financial management, audit, etc.), such that not all federal grant funds are available to support recovery projects. Second, because the decision on which projects will be funded is negotiated with each qualifying State, lower priority projects (from a national standpoint) are often funded because they are the only projects which a number of States are interested in and/or are able to propose. Third, the total cost for any given recovery project is the same, whether the federal government funds all, some, or part of the project. Even though the Service is proposing to eliminate State grants, it may elect to use Section 15 funding to continue a few of the highest priority projects previously funded by grants. At the same time, the Service expects that States will maintain the needed funding to continue their present efforts on other high-priority projects. As a result of the requested elimination of the grant program, the Service expects that a number of State recovery projects of lower priority will be dropped. In either case, the Service will not allow any recovery project that is essential to a species survival to be terminated.

Response to Questions from
Senator Burdick

Question : FY 86 Budget contained $1.1 million for lead/non-toxic shot research. Please provide a short summary of the study and any policy changes recommended.

Answer: The FY 1986 budget contained $1.1 million to permit the Service to continue and/or accelerate research and information programs relating to lead/nontoxic shot. Following is a brief description of the various activities supported by the $1.1 million. No policy changes are anticipated at this time.

Lead Poisoning Monitoring Program - $250,000
During the 1983-84 waterfowl hunting seasons, the Service monitored waterfowl for lead exposure on 19 refuges. Monitoring continued in the 1984-85 season on 25 refuges and 15 State waterfowl areas. Monitoring and subsequent analysis of results will continue during the 1985-86 hunting season on 24 refuges.

Intensive Monitoring Project - $150,000
The National Wildlife Health Laboratory and the Wisconsin Cooperative Wildlife Research Unit will begin a study to identify sites of lead exposure in the Eastern Prairie Population of Canada geese.

Information Program - $100,000
The Service's Office of Information Transfer will develop a nationwide lead shot/lead poisoning database; such data as that gathered through the Service's Lead Poisoning Monitoring Program (various refuges and State waterfowl areas have been monitored since the 1983-84 hunting season) will be entered. The computerized database will contain information relevant to the subject of lead shot/lead poisoning and will be available to Federal, State, and private agencies concerned with this topic. An informational brochure about lead shot/lead poisoning will be developed and distributed during FY 1986.

Accelerated Research on Alternatives to Steel Shot - $600,000
As directed, the Service is contacting ammunition manufacturers to determine their abilities to costshare research on alternatives to steel as the preferred non-toxic shot.

Question : Is F&W currently engaged in activities monitoring adverse impacts of acid rain on wildlife refuges?

Answer: The Service is not currently engaged in acid rain monitoring programs specifically for the National Wildlife Refuge System. However the Service, through Research and Development and Habitat Resources (Resource Contaminant Assessment) is actively involved in documenting the biological effects of acidic precipitation and in evaluating the effects of mitigative techniques (liming). These efforts are part of the ongoing National Acid Precipitation Assessment Program (NAPAP). Other NAPAP efforts include delineation of areas receiving acid precipitation and areas sensitive to the effects of acidic precipitation. This effort involves extensive monitoring activities conducted by a variety of participating agencies and focuses on a national scale. This monitoring effort (National Trends Network) is being conducted by the U.S. Geological Survey and samples 150 sites based on eco-regions. Five national wildlife refuges (NWR) serve as sample collection sites for this effort (Salt Plains NWR, OK; Attwater NWR TX; Muleshoe NWR, TX; Hatchie NWR, TN and Santee NWR, SC). Sand Lake NWR in South Dakota was a proposed site but is not being sampled at this time. The National Trends Network is designed to establish baseline conditions and monitor trends in the chemistry of atmospheric precipitation. In addition, the Service has a cooperative agreement with the State of North Dakota to monitor acidic precipitation at Lostwood NWR. Data and trends established by this effort will serve as an early warning tool for possible impacts to refuges located in sensitive areas. Results of research efforts would enable managers to accurately predict impacts and take appropriate remedial actions.

Question: If S.740, the Emergency Wetlands Resources Act, is enacted into law, does the agency plan on charging refuge entrance fees in North Dakota?

Answer: Should the legislation be enacted, the Service will evaluate all refuges to identify those that may be suitable for charging entrance fees. Selection of refuges for entrance fee collection will be based on: the level of visitation for recreational purposes, capability of current staffing and facilities to administer the program, cost effectiveness of the collection process, comparability to other similar programs, and whether charging fees would potentially result in an economic exclusion of refuge visitors.

Question: In 1985, William Horn, Assistant Secretary for Fish and Wildlife and Parks, signed an agreement with the State of North Dakota. The purpose of the agreement was to resolve past State disagreements with the agency on the fee acquisition schedule under duck stamp revenues and to generate greater public acceptance and long-term compliance. Please provide a summary of additional activities conducted by F & W with the State in negotiating additional agreements required by the initial document.

Answer: The agreement required several wetland acquisition and management plans to be developed. These plans included plans for acquisition, emergency haying, weed control, blackbird predation, and water management on rivers. These plans are in draft form. We are presently meeting with Governor Sinner's Wetland Advisory Committee to review the plans after which they will be reviewed by FWS Denver Regional staff, and the Governor.

Question: It is my understanding that the Service's refuge revenue sharing payments, based on the net revenues from the sale of products from Service lands, were inadequate in FY 86 and FY 87. While Congress can make up the difference by direct appropriation, it has not done so because of their overriding interest of reducing the federal deficit. Please provide the Committee a summary of the actual shortfall for FY 86 and a projected one for FY 87 for the Nation as a whole and for the States of North Dakota, South Dakota, Montana, and Minnesota. Can F & W recommend any alternative methods of providing necessary funds for federal payment in lieu of taxes?

Answer: Until after March 1, 1986 when the actual reduction under Gramm-Rudman-Hollins is determined, actual allocation for states will not be available. Projected figures are:

Original Estimated Full Payment		Actual Full Payment	Estimated Payments after Gramm-Rudman-Hollings	Percent
1986	$15,300,000	$ 14,684,417	$ 9,899,000	.67
1987	17,500,000	N/A	10,235,000	.58

Payments for individual states in 1986 cannot be provided until after March 1, 1986. Payments in FY 87 cannot be accurately provided until late FY 1986 based on appraisals completed during FY 1986, lands acquired in FY 1986 (mainly MBCA), and available funds. Estimated payments after Gramm-Rudman-Hollings in 1986 are estimated at:

State	Full Payment 1986	Estimated Payment 1986
North Dakota	$ 745,023	$ 499,165
South Dakota	302,112	202,415
Montana	240,817	161,347
Minnesota	1,700,644	1,139,431

Question : Are there funds in the FY 87 budget for further research/control of blackbird depredation?

Answer: No funds are included in the Service's FY 1987 budget for research on control of blackbird depredation. These activities were transferred to the Department of Agriculture in FY 1986.

Response to Questions from
Senator Lautenberg

Question: A recent Fish and Wildlife Service Report concluded that one portion of the Great Swamp Wildlife Refuge in New Jersey was one of only 10 wildlife refuges in the nation requiring immediate attention because of chemical comtamination. Two other portions of the Great Swamp and the Edwin Forsythe Refuge are listed as areas requiring further monitoring for chemical contamination. What plans do you have to clean up and monitor chemical contamination in the Great Swamp and the Forsythe Refuges?

Answer: Action plans for all sites identified in the report will be completed by May 1986. These plans will be developed by the Service's refuge staffs, utilizing the expertise of Habitat Resources - Resource Contaminant Assessment (RCA) staff. In many cases these plans will describe prerequisite work necessary to proceed with actual clean up activities. The status of actions specific to the Great Swamp and Edwin B. Forsythe National Wildlife Refuges are as follows:

Great Swamp (Category A site): National Gypsum Company (NGC) has assumed responsibility for the conduct of a Remedial Investigation/Feasibility Study of the asbestos dump site at Great Swamp National Wildlife Refuge (NWR). The NGC has hired an environmental engineering firm to do the study. A site operations plan has been submitted to the Environmental Protection Agency (EPA) and the State Department of Environmental Protection (DEP). The contractor will test soil and ground water samples for any traces of asbestos contamination. Surface water samples will also be taken in the Passaic River to determine if any runoff from the buried asbestos is contaminating the river. This sampling effort will begin as soon as EPA and DEP approve the site operations plan.

Great Swamp (Category B site): A comprehensive environmental study will be completed in 1986. The results of this study coupled with planned reconnaissance monitoring will provide better insight into the nature and extent of any problems originating from this site.

Great Swamp (Category C site): Reconnaissance monitoring will be developed as part of a pending action plan.

Edwin B. Forsythe (Category B site): EPA has agreed to conduct a field investigation, including residue analyses of soil and water samples, to determine if the site presents a problem. This effort will be outlined in greater detail by the pending action plan.

Question: How much will these efforts cost and do you have funds in the FY 1986 and FY 1987 budgets to complete your clean up and monitoring plans?

Answer: Cost of study and remedial efforts at the above New Jersey sites are unknown at this time. The draft action plans will include cost estimates associated with response strategies for issues identified in the contaminant report. In most cases, resolution of issues identified will require a coordinated strategy involving various local, regional, State, and/or Federal

Question: What funding request did the Fish and Wildlife Service make to the Department of the Interior to implement the actions required by the Service's wildlife contamination report, and specifically to implement the actions requested for the Great Swamp and the Forsythe Wildlife Refuge?

Answer: The Service did not request increases in FY 1987 for monitoring and clean up efforts. Monitoring is currently ongoing on a number of refuges, including the two New Jersey refuges of inquiry. Funding needs associated with issues identified in the report will be determined upon completion of the action plans. When funding estimates become available the Service intends to make appropriate in-house adjustments or reprogrammings to accommodate the highest priority needs.

Question: In the Interior FY '86 budget, $1 million was appropriated to buy 150-175 acres of land in the Great Swamp Refuge. Over 400 acres still are held in private hands.

What plans does the Service have to acquire lands for which Congress appropriated funding?

Answer: The $951,000 available for land acquisition at Great Swamp NWR will acquire approximately 8 ownerships totaling 90 acres. The acquisition will be private inholdings within the Black Brook Addition.

Question: Does the FY '87 budget proposal include funds to acquire lands still held in private hands?

Answer: No funds are requested for land acquisition in FY 1987.

Question: How does the Service plan to acquire the remaining privately held acreage in the Great Swamp?

Answer: The request for funding at Great Swamp NWR will be deferred until budget deficits are under control. When funding for land acquisition is feasible, Great Swamp NWR acquisitions will compete for available funding on a priority basis with other land acquisition projects.

Question: The FY 1987 budget proposal calls for a significant reduction in land acquisition and an increase in funding for wildlife refuge operations. Why does the budget include the decrease in land acquisition?

Answer: During this period of reducing the deficit, the Department is emphasizing more stable funding of its operating programs while deferring requests for new land acquisition. However, the Fish and Wildlife Service will still be able to purchase 24,800 acres of migratory bird habitat in FY 1987 with an estimated $16.5 milliion in duck stamp receipts.

Question: What request did the Service make to the Department and what request did the Department make to OMB for land acquisition?

Answer: The Service's and the Department's FY 1987 request to OMB was $18,450,000 ($16,950,000 for refuges and $1.5 million for acquisition management) from the land and water conservation fund. In addition, $14.9 million was requested for the Wetlands Loan Advance. These requests preceded appropriations for FY 1986 totalling $38.7 million which included many of the requests submitted to OMB for FY 1987.

Question: A draft management plan for the Great Swamp proposes a significant expansion of the Great Swamp. Why did the Service propose to acquire additional land for the Great Swamp?

Answer: The draft plan for Great Swamp NWR is currently in the scoping process and will be undergoing public review. Additional land acquisition is only one of several alternatives being considered to cope with the increased development around the refuge.

The swamp is increasing in size due to storm sewer drainage directly into the Passaic River valley rather than previous natural drainage that allowed water to percolate into the soils and natural marsh settling basins. In order to preserve the swamp habitat, the storm sewer drainage needs to be redirected to settling basins outside the swamp. Acquisition of land for this purpose is one of the alternatives suggested.

If land acquisition is the final recommendation, it would be deferred until the budget deficit is under control.

Question: How could this expansion be carried out given the budget proposal for land acquisition?

Answer: After FY 1986, 529 acres with 16 residences at a projected cost of $3,435,000 are proposed for acquisition. Request for funding at Great Swamp NWR will be deferred until budget deficits are under control. When land acquisition is more feasible, Great Swamp NWR acquisitions will compete for available funding on a priority basis with other land acquisition projects.

Question: Does the Service plan to spend any of the proposed increased funding for wildlife refuge operations in the Great Swamp or in any other wildlife refuge in New Jersey?

Answer: Yes, within the $730,000 proposed increase for operations of existing refuges, the Service would provide $16,000 to Great Swamp NWR, $13,000 to the Barnegat Unit of Forsythe NWR. These funds will be used to help pay for the increasing costs of doing day-to-day business including utilities, supplies, and materials.

Question: The budget proposes a decrease for endangered species funding. What request did the Service make to the Department for endangered species funding and what request did the Department make to OMB?

Answer: For FY 1987, the Service's request to the Department for the Endangered Species Program totaled $27,262,000, while the request to OMB totaled $26,920,000. Both of these requests preceded final FY 1986 Congressional action, including additional appropriations and P.L. 99-177 reductions.

NATIONAL WILDLIFE FEDERATION
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COMMENTS OF THE NATIONAL WILDLIFE FEDERATION

ON

THE PROPOSED FISCAL YEAR 1987 BUDGET

OF THE

U.S. FISH AND WILDLIFE SERVICE
DEPARTMENT OF THE INTERIOR

BEFORE

THE COMMITTEE ON ENVIRONMENT AND
PUBLIC WORKS OF THE
U.S. SENATE

PRESENTED BY

LYNN A. GREENWALT
VICE PRESIDENT FOR RESOURCES CONSERVATION
NATIONAL WILDLIFE FEDERATION

21 FEBRUARY 1986

Mr. Chairman and members of the Committee, I appreciate the opportunity to appear before you today to present the views of the National Wildlife Federation (NWF) on the Administration's FY 1987 budget request for the Department of the Interior's U.S. Fish and Wildlife Service (FWS). The National Wildlife Federation is the nation's largest conservation/education organization with over 4.5 million members and supporters in 51 states and territories.

As a former Director of the FWS, I have watched with pleasure past actions of this Committee to maintain funding for vital fish and wildlife programs, in spite of Administration attempts to reduce or eliminate many programs. A case in point is the strong resource work and sound Committee action to continue the program sponsored by Senator Chafee to investigate the causes of decline of striped bass along the East Coast -- the Emergency Striped Bass Study. This program has continued to yield benefits even though for several years the Administration has targeted it for elimination, along with all funding for Anadromous Fish Conservation Act work.

We hope the Committee will continue its efforts on all such programs, but, again as in past years, we see problems in the budget proposed by the Administration. We are concerned that proposed funding shortfalls could have adverse impacts on our nation's fish and wildlife resources.

But, the FWS budget is small. The Administration has requested only $295 million for FY 1987, excluding permanents and trusts. The value of the resources administered by the FWS seems out of proportion to federal spending.

Let's look at fisheries spending as an example. The FWS Fisheries Resources Program is funded at nearly $50 million. Yet, nationwide, direct expenditures on sport fishing are over $17 billion each year. By comparison, the economic impact of sport fishing alone is greater than the cash value of most of our agricultural crops. For example, cash receipts to farmers in 1983 for wheat were only $9 billion and for cotton only $4.3 billion, yet government payments alone on these crops in the same year were $864 million and $662 million, respectively. And, federal spending on these vital crops goes well beyond direct government payments to farms.

Expenditures on sport fisheries are equivalent to 0.4% of the $4.3 trillion Gross National Product projected for FY 1986. Yet, out of the nearly $1 trillion FY 1987 federal budget we intend to spend only $48 million (0.005% of the budget) on FWS fishery resource programs. Overall, another $161 million in user-contributed funds will pass through the FWS to states for fisheries.

The story for wildlife is similar, with direct expenditures on hunting exceeding $8.5 billion while we intend to spend only about $300 million in FWS funds on wildlife programs. Expenditures on all wildlife and fisheries associated recreation exceed $32 billion. Clearly we are spending miniscule amounts of federal funds on fish and wildlife compared to their enormous economic, recreational, and biological benefits.

In addition, the President recommends closer cooperation between the federal government and the states as a way federal expenditures can be reduced. However, for nearly each cooperative state-federal program where costs are shared, the federal contribution to continued "cooperation" is to eliminate all cooperative funding. Such actions clearly show abandonment of cost efficient cooperative programs, not an increase of such cooperation as the President implies.

Mr. Chairman, we hope you will see the value of important FWS fish and wildlife programs and provide continued funding where needed.

However, the NWF is aware of the need for fiscal austerity and for efforts to reduce the federal deficit. Thus, we believe it is imperative for Congress to raise revenues in order to fund the critical programs which are the responsibility of the federal government.

We urge the Committee in its views and estimates to the Budget Committee to seek not only maintenance of funding for FWS programs but endorse raising additional revenues. Specifically, we believe a nonrenewable energy tax could increase funds to the Treasury and result in conservation of our oil, natural gas, coal and uranium resources.

A low, across-the-board energy tax has several benefits over the oil import fee which is being discussed in some quarters. By taxing all nonrenewable energy sources, the tax can be kept low, causing less impact on consumers and, yet, bringing in substantial sums of money. For instance, a three cent per gallon tax could raise $10 billion annually. Since all energy sources would be taxed, there would be less fuel switching and geographic dislocations would be minimized. An oil import fee penalizes the Northeast region of the country while rewarding the Southwest. Thus, we believe a nonrenewable energy tax can increase conservation efforts, raise revenues, and prevent geographic dislocation. We support funding for environmental programs and raising additional revenues.

Our specific requests for FWS funding are summarized below.

We are pleased to have had this opportunity to discuss our concerns and hope to work closely with you, Committee members, and your staff in coming months to ensure adequate funding of the FWS.

FISHERY RESOURCES

Hatchery Maintenance

The Administration recommends a decrease of $994,000 in hatchery funds for cyclical maintenance. This decrease would eliminate the enhancement to the base budget for cyclical maintenance provided by Congress for FY 1986. The FY 1986 increase restored the cyclical maintenance budget to the minimum level needed to provide for reasonable upkeep of the FWS hatchery system.

From 1981 to 1985, nearly $6 million was diverted from hatchery maintenance to other uses, including $1 million permanently diverted. These diversions were allowed to occur in spite of the results of a 1983 survey of problems at National Fish Hatcheries that found 48% of all hatcheries had serious facility and equipment maintenance needs. The FY 1986 increase was not to recoup losses, but simply to put maintenance funding back on track. The increase was not, as the Administration asserts, to provide for one-time repairs at several hatcheries (although, some funds were directed to specific facilities to address particularly critical maintenance needs).

The Administration also indicates it intends to implement a "maintenance management system" that will be used to track maintenance needs throughout the FWS. Although we welcome implementation of such a system, we disagree with the Administration's position that maintenance funds can be reduced until the "management system is fully operational." Given the loss of about $6 million in maintenance funds in the recent past and the critical need for maintenance, the most conservative approach to funding the maintenance program is to maintain current funding (FY 86 level) until the maintenance management system is operational and can be relied upon to provide accurate assessments of maintenance needs.

Thus, the NWF recommends that $994,000 be restored to the FWS budget for hatchery cyclical maintenance in FY 1987.

Hatchery Operations

The Administration recommends transfer or closure of seven fish hatcheries for a savings of $921,000. The basis for the terminations is that the hatcheries allegedly are producing fish for stocking that is "not consistent with identified federal fishery responsibilities and does not constitute a federal obligation."

A large proportion of fish produced in the targeted hatcheries is being stocked in private waters. The NWF agrees that stocking of private waters is not a responsibility of the federal government. However, it is our understanding that federal hatcheries were to phase out such stocking and redirect production to address explicit federal responsibilities. Legislation is pending (National Fish Hatchery Act) that would define clearly the role(s) of federal hatcheries and establish a procedure for closing or transferring hatcheries that can no longer meet federal needs. Thus, it is inappropriate to close out federal options on these hatcheries by transfer or closure at this time. In addition, all hatcheries recommended for termination are located in the Southeast. Terminating the hatcheries would leave few federal hatcheries in the Southeast and thus forego potential future opportunities for fishery restoration or for other Southeastern fishery needs.

However, we do agree with the Administration that termination of the Bear's Bluff hatchery (field station) would have little effect on fishery resources. The facility needs about $6 million in new construction and equipment for it to become a viable part of the FWS hatchery system. Unless such funds are forthcoming, we agree the facility should be disposed of.

Thus, the NWF recommends that $836,000 be restored to the FWS budget for operation of hatcheries (Bear's Bluff funding deleted). In addition, aquarium facilities at hatcheries can be maintained without added federal spending by charging a nominal admission fee to visitors of aquarium facilities. Each facility should be self-supporting or should be closed. Assessing such admission fees is consistent with the Recreational Use of Fish and Wildlife Areas Act of 1962.

Refuge Fishery Management

The NWF requests an add-on of $700,000 for fishery management planning and implementation of fishery management plans on National Wildlife Refuges in the contiguous 48 states.

The Administration has requested $2.148 million for fishery management on refuges. However, nearly $2 million of that would be spent in Alaska, while the remainder would be used on the 400 refuges in the lower 48 states. Funding simply is insufficient to conduct fishery management activities on refuges in the lower 48 states. Sport fishing accounts for about 22 million hours of refuge use each year, about a third of total public use. At least 200 refuges should be open to fishing, and of these, 140 have been identified as needing fishery management plans. But, to date, only 88 of these refuges are operating with some level of fishery plan in place. The FY 1987 budget, as proposed, would provide for fishery plan work on only 9 refuges. The funding enhancement we request would implement an adequate fishery program to address refuge needs in the lower 48 states.

Fishery Research

The Administration's recommendation would eliminate a $149,000 addition provided by Congress for FY 1986 for operations at the Gainesville National Fishery Research Laboratory (Gainesville, Florida). Construction of the Gainesville Laboratory was completed in 1985 and the FY 1986 increase was provided for start up operations at the newly completed facility. Currently, the operating budget at the Laboratory is $427,000 and the staff consists of only six professionals. The Laboratory was designed to house 12-14 professionals and operate on a $1 million annual budget. The Administration's proposed funding level would make proper utilization of the facility impossible. Thus, critical work would not be possible on the beneficial uses and potential harmful effects of exotic fish to aquatic habitat and other fish and wildlife.

The NWF recommends that $400,000, plus four FTEs, be added to the Administration's request for the Gainesville Fishery Research Laboratory.

In addition, the NWF recommends that $248,000 in new funds for FY 1986 for general operation and maintenance at fishery research laboratories not be cut as proposed by the Administration. Operation and maintenance funding for fishery research has been eroded by increased laboratory overhead costs and other base operating expenses to the extent that fishery research capabilities have become marginal, at best. The FY 1985 increase was intended to restore to a reasonable level the fishery research budget operations and maintenance. The FY 1986 level of funds for fishery research operations and maintenance should be retained in FY 1987.

ENDANGERED SPECIES

A $7.1 million decrease has been proposed by the Administration for the Endangered Species Program in FY '1987.

Listing

Listing of endangered or threatened species can be one of the most important steps in their recovery, since listing must occur before a species is provided protection under the Endangered Species Act. According to the FWS, there are 765 species listed as endangered and 120 listed as threatened. Another 58 species are proposed for listing and over 3,800 species are recognized as candidates for potential listing. Despite this current backlog in listing, the Administration proposes cutting the listing budget by $249,000.

Funding for listing of endangered or threatened species should be restored to the FY '1986 authorized level of $3.2 million to continue this important activity.

Recovery

The Administration recommends a decrease of $854,000 in recovery efforts for endangered species. The potential magnitude of the adverse impacts to endangered species this funding cut could represent is enormous. For example, the small P.L. 99-177 reduction (-$296,000) which soon will be applied to FY 1986 funds will result in delayed completion of 70 recovery plans and reduced activity to recover listed species that reside on federal refuges, hatcheries, and other lands. Loss of an additional $558,000 will only exacerbate the delays. Endangered and threatened species can be lost as a result of such delays and other reductions in program efforts.

The NWF requests that $850,000 be restored to this crucial program to aide in the recovery of endangered and threatened species, such as the Aleutian Canada goose and Kemp's ridley sea turtle.

Cooperation with States

Section 6 of the Endangered Species Act establishes a cooperative state-federal role in developing and maintaining programs for the conservation of endangered and threatened species. Yet, the Administration wishes to ignore that role by eliminating the grants program.

Section 6 ensures that every federal dollar spent on endangered species in the cooperative program is matched by state money, making the program a highly cost-effective means for the federal government to provide species protection. According to the FWS, this program has been successful, with a total of 46 States and territories having entered into cooperative agreements and having conducted a variety of important projects. For example, the states assist the federal government in recovery efforts, research, surveys, law enforcement, land acquisition, and public information/education programs.

The NWF urges restoration of $4.4 million to this valuable program.

ANADROMOUS FISH CONSERVATION ACT

GRANTS-IN-AID

The Administration proposes to eliminate the long-standing and successful federal-state cooperative Anadromous Fish Conservation Act Grants-in-Aid (-$2 million). The basis for the Administration's decision is that, "the expanded Dingell-Johnson program makes continued funding for separate anadromous fish grants unnecessary."

The Administration's position ignores the fundamental difference between the grants program authorized by the Federal Aid in Sport Fish Restoration Act (Dingell-Johnson) and the Anadromous Fish Conservation Act. Grants for sport fish restoration are issued directly to states to address state priorities. Although states must meet a set of minimum standards for acceptance of sport fish restoration grants, thet need not address federal concerns in use of the grants. In addition, the sport fish grants come from a special tax fund from users rather than general tax revenues. On the other hand, Anadromous Fish grants address specific federal priorities and are awarded to the states on the basis of federal needs. These monies are derived from general tax revenues.

Thus, elimination of the Anadromous Fish Conservation Act grants would forego the current cooperative relationship between the federal government and the states, whereby the states join (funding and other support) with the federal government to address _federal_ priorities. Funding of Anadromous Fish Conservation Act Grants-in-Aid should be continued in FY 1987 at FY 1986 levels.

FEDERAL AID IN SPORT FISH RESTORATION

The Administration states that, "overall costs for administration [of the Sport Fish Restoration Program] will decrease in fiscal year 1987." And, if the Administration's proposal for FY 1987 to eliminate 26 of the 50 FTEs currently administering the program were accepted, administration costs probably would decrease. But, at what cost to the public that paying directly for the program?

The decrease in FTEs is proposed in spite of a precipitous increase in the amount of funds to be administered, from about $38 million in FY 1985 to a projected $159.5 million in FY 1987. It is patently absurd for the Administration to expect the work load of the program's federal staff to decrease while the funds they are required to administer increase. In addition, the Administration's proposal provides for no reduction in the federal deficit because funds in the Sport Fish Restoration Account are dedicated to the sport fish program and user-contributed, they are not funds from general tax revenues nor can they be sued to offset such revenues.

The 26 FTEs should be restored to the Sport Fish Restoration Program in the FY 1987 budget.

FEDERAL AID IN WILDLIFE RESTORATION

As with the Sport Fish Restoration account, the Administration has proposed to eliminate 26 of the 50 FTEs now required to administer the Federal Aid in Wildlife Restoration program. Although the funds in this account have not increased, and in fact they may be decreasing, such a drastic cut in the staff responsible for administering these accounts will result in significant problems. Even if the Administration intends to convert these funds into "block-grant" programs, an action which is not in the best interests of the resources to be managed, the staff remaining will be insufficient to properly manage this effort. It is important that Congress restore the 26 FTEs needed to properly administer this program.

LAND ACQUISITION

The Administration proposes no new land acquisitions financed by the Land and Water Conservation Fund for FY 87. They maintain that $1.5 million (funds currently available) is enough to complete acquisition of land for which funds previously were appropriated. In short, the Administration would eliminate the program established by Congress to protect important fish and wildlife habitat. Preservation and recovery of endangered and threatened species, and other important wildlife and plant species would be jeopardized, as would acquisition of additional lands for public use and enjoyment.

During the five-year period from 1981 to 1985, Congress appropriated approximately $165.5 million from the Land and Water Conservation Fund to acquire 160,694 acres of refuge land--an average appropriation of $ 33.1 million per year. These funds were provided in spite of Administration proposals to reduce or eliminate such funding.

To save important areas from development that would harm wildlife, the NWF strongly recommends that the FWS be provided at least $35 million for refuge acquisition in the FY 1987 budget, and, that strong consideration be given to increased acquisition of lands or other resources such as those associated with the Alligator River in North Carolina, Ash Meadows in Nevada, Lower Rio Grande Valley in Texas, and Fakahatchee Strand in Florida.

MIGRATORY BIRD CONSERVATION ACCOUNT

Faced with a rapidly dwindling waterfowl habitat base, the FWS determined in 1976 that 1.95 million acres of waterfowl habitat would have to be acquired by 1986 simply to maintain waterfowl populations at 1976 levels. However, the FWS has acquired only about 435,105 acres, or 22.3 percent of their goal over the past nine years. In the meantime, between 350,000 to 450,000 acres of wetlands have been and continue to be destroyed each year. According to the FWS, the waterfowl breeding population is now at its lowest level since recordkeeping began, 31 years ago. The Service cites the loss of habitat as a major factor in declining waterfowl populations. The status of waterfowl populations now is so poor that the FWS intends to reduce hunting season lengths and bag limits, and has stepped up their waterfowl management practices.

Despite the obvious need to protect more habitat, the Administration is refusing to request an advance appropriation for the Migratory Bird Consevation Account. Instead, the Administration intends to address the funding shortfall by using additional revenues of $2.1 million anticipated from an increase in the price of duck stamps from the current $7.50 to $10.00, a step that requires legislative action. Even if such legislative action were to occur, it is unlikely that funds could be available in FY 1987. In the meantime, it is important that wetlands acquisition continue and that funds remaining in the authorized ceiling be made available. Therefore, the NWF strongly urges the appropriation of the remaining $10.5 million authorized under the Wetlands Loan Act.

Thank you for the opportunity to appear before the Committee.

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TESTIMONY OF AMOS S. ENO
DIRECTOR OF WILDLIFE PROGRAMS

ON

U.S. FISH & WILDLIFE SERVICE APPROPRIATIONS FOR FISCAL YEAR 1987

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

FEBRUARY 21, 1986

FISH AND WILDLIFE SERVICE

ENDANGERED SPECIES

Protection: + $450,000

Development of the new forensics laboratory, which was established with the generous support of this Committee in FY 1986, will require at least $450,000 in FY 1987. This amount will cover salaries, lease costs, training, and purchase of equipment, and will permit the Service to conduct limited blood, tissue, hair, and document work. The President's budget proposes to use fees collected from port inspections to operate the lab. We support this funding mechanism in theory, but suggest that (since these fees are supposed to support other law enforcement activities) it will only be sufficient if revenues meet the projected level of $1,000,000 and are not completely siphoned off to cover other costs in the division. Alternatively, we suggest that the Committee support an appropriation of $450,000 to facilitate endangered species protection through forensics in FY 1987.

Recovery: + $275,000

Aleutian Canada Goose. In FY 1986 this Committee added $250,000 to the Service's recovery budget to help fund a project to eradicate arctic foxes on Kiska Island. This project is of the highest priority for the overall recovery of the Aleutian goose, and we support the Service's commitment to it. This two-year effort is regulated by the strict requirements of an Environmental Protection Agency's 1080 experimental-use permit. Other important aspects of the recovery plan cannot be implemented in FY 1987 due to the Service's financial commitment to the 1080 project. An additional $100,000 will permit the Service to implement other aspects of the goose recovery program, including the removal of foxes (via mechanical methods) from other islands in the Aleutian chain; the reintroduction of geese on Amchitka Island, from which foxes have already been removed; and the expansion of surveys throughout the goose's range. We believe the status of the Aleutian Canada is so tenuous that these projects should not be delayed another year.

Guam Birds. Predation by the introduced brown tree snake has caused a serious decline in numbers of seven species of birds unique to Guam -- the Guam rail, Marianas gallinule, Vanikoro swiftlet, Micronesian kingfisher, Marianas crow, Guam broadbill, and bridled white-eye. In FY 1986, Section 6 monies are supporting the recovery program for these species, but no funds are earmarked in the FY 1987 budget to continue vital research on the ecology of the snake and possible methods of controlling it. An increase to the President's budget of $100,000 would support this critically important work.

Red Wolf. The red wolf is one of this nation's most endangered mammals. It once ranged over the southeastern United States, but now exists only in captivity. The recovery plan for the wolf calls for reintroduction in native habitat; the Service has chosen the uniquely remote area of Alligator

River National Wildlife Refuge for this project. Release of four mated pairs is scheduled for Fall of 1986, if funding is made available. We urge the Committee to consider an increase of $75,000 to allow this project to proceed without delay.

Peregrine Falcon. In the last ten years, the Peregrine Fund has received a total of $3,297,000 from the Service, of which $1,477,000 was appropriated by Congress. In FY 1986, Congress directed the Service to spend $300,000 on peregrine recovery, while appropriating only $150,000 for this activity. Consequently, funds earmarked by the Service for recovery of several critically endangered species of sea turtle were reprogrammed to cover work on the peregrine through the Peregrine Fund. The National Audubon Society applauds the efforts of the Peregrine Fund, but we think that in this era of fiscal constraint, a program that has plenty of private financial support should not receive precious federal dollars. Peregrines have enormous private financial support, but no corporate support exists for sea turtle conservation. This is one aspect of the President's budget that we support; it cuts funding for this program "since these activities are now adequately funded through private sources."

Research: + $200,000

Black-footed Ferret. The one known remaining wild population of this species suffered a significant decline last year, with a loss of 109 of 129 individuals. Implementation of a captive breeding program is of utmost importance to the recovery effort, and the Service needs an additional $50,000 in FY 1987 to continue work begun last year, which was funded thanks to this Committee. These funds will also be used to survey for additional ferrets and develop release techniques.

Whooping Crane. A total of $150,000 in additional research funds in FY 1987 will allow the Service to upgrade captive breeding facilities at Patuxent Wildlife Research Center. The work done at Patuxent is a vital component of the whooping crane recovery plan. The facilities there are in dire need of attention, but this project has gone begging for funds in the last few years. Production of birds for a planned third flock, the next step in the captive breeding effort, would be greatly facilitated by improving Patuxent's breeding facilities.

Consultation: + $700,000 / 14 FTEs

Under Section 7 of the Endangered Species Act, federal agencies are required to consult with the Service to insure that their plans for action do not jeopardize the existence or habitat of any endangered species. The Service recently promulgated new and more complex regulations for such consultations, increasing the amount of labor intensive work involved. Current levels of funding and personnel are insufficient to meet the demands of considering an ever-growing list of endangered species in federal agency planning. According to the statute, biological opinions cannot be contracted out, so it is vital that additional personnel as well as funds be assigned to this function. We strongly urge the Committee to support an increase of $700,000 and 14 FTEs for Section 7 consultation duties.

State Grants: + $4,400,000

Active cooperation between state and federal conservation agencies is key to the success of recovery efforts. State grants, authorized by Section 6 of the Endangered Species Act, provide the most cost-effective means of achieving endangered species recovery, since every federal dollar is matched by state funds. There are currently 44 states which cooperate with the Service on fish, wildlife, and/or plant species recovery. Cooperating states have consistently sought two to three times the amount of federal assistance that has been available.

The President's FY 1987 budget completely eliminates this program. Without a Section 6 program, many vitally important ongoing projects will be terminated, including the following:

- **Arizona:** endangered fish species -- survey;
- **California:** Aleutian Canada goose -- delineation of migration routes and wintering areas;
- **Florida:** Florida panther -- ecology research;
  manatee -- status monitoring;
- **Hawaii:** forest birds -- captive breeding and reestablishment;
- **Idaho:** mountain caribou -- herd augmentation;
- **Massachusetts:** piping plover -- productivity study;
- **Michigan:** Kirtland's warbler -- habitat protection;
- **Mississippi:** bayou darter -- behavior and ecology studies;
- **North Dakota:** interior least tern -- management plan development;
- **Oklahoma:** black-capped vireo -- population and nesting ecology study;
- **Pennsylvania:** bald eagle -- hacking;
  Delmarva fox squirrel -- assessment of habitat;
- **Puerto Rico:** Puerto Rican parrot and plain pigeon -- establishment of an aviary and development of captive breeding techniques;
- **South Carolina:** Loggerhead sea turtle -- determination of effects of habitat alteration on nesting;

- **Tennessee:** Bald eagle -- restoration;
- **Washington:** grizzly bear -- implementation of the recovery plan in the North Cascades Ecosystem;
- **West Virginia:** northern flying squirrel -- population dynamics research;
- **Wyoming:** black-footed ferret -- captive propagation and reintroduction.

We strongly urge the Committee to appropriate $4,400,000 for Section 6 state grants, which would maintain the FY 1986 level of funding. This amount is consistent with the historical level of funding, the bare minimum needed to keep this program functioning effectively.

HABITAT RESOURCES

Pre-Development Consultation: + $400,000

The Food Security Act of 1985 [PL-99-198] mandates conservation of wetlands and other habitats important to wildlife in agricultural areas. The Habitat Resources division needs an additional $400,000 in FY 1987 to integrate 1300 wetland plant species into the national and state-specific lists. Literature searches have been completed on 4,000 species which constitute the interim listing. These lists are used to make accurate and specific field determinations of wetland boundaries.

Other program development for Service involvement in the Farm Debt Restructure, Swampbuster, and Conservation Reserve sections of the Act is underway. This includes basic activities such as helping the Farmers Home Adminstration with selection of easement tracts for wildlife management purposes; complimenting the expanded activities of the Soil Conservation Service with on-site wetland determinations to ensure that federal subsidies are not provided to landowners who convert wetlands to croplands; and consultation in the development of plans for the nationwide Conservation Reserve Program.

We urge the Committee to consider this modest increase to the President's budget to help implement mandates of the Food Security Act of 1985 which are critically important to the preservation of wetland habitat.

Research and Development: + $500,000

Wetland Ecology. For the last three years, wetland ecology has been rated by the Service's regional offices as the agency's most pressing research need. The Service plays a vital role in the overall effort to protect wetlands, especially in recommending effective mitigation of water development projects and establishing wetland acquisition priorities. With an additional $250,000 in FY 1987, the Habitat Resources division will be able to more clearly determine the response of wildlife to wetland habitat changes. Studies will focus on techniques to identify transition wetlands, to predict wetland habitat succession, and to forecast the impact of specific projects on specific wildlife resources (such as hydropower development on fishery carrying capacity; barge fleeting on mussel beds). Without these funds, Service recommendations for wetland habitat management will continue to be based on inadequate knowledge of the ecological facts.

Bottomland Hardwoods. Benefit-cost ratios of development projects do not reflect the true value of bottomland hardwood wetlands. With an additional $50,000, the Service will be able to develop monetary values on a per acre basis for various functions of the resource [e.g. overbank flood storage, aquifer recharge, nutrient and detrital flows, fish and wildlife habitat]. This research will help prevent further uneconomical loss of this valuable natural resource.

Pothole Wetlands. The Garrison diversion project in North Dakota is representative of the type of development that threatens many thousands of acres of pothole wetlands. Present knowledge of the value of this type of wetland is so limited that the Service cannot make substantive, defensible recommendations for mitigation of energy and water development projects. We urge the Committee to provide the Service with an additional $200,000 to determine mitigation requirements for Garrison, CENDAK, and Oahe, as well as for energy, rights-of-way, and other issues involving pothole wetlands.

WILDLIFE RESOURCES

Population Management: + $2,200,000

Arctic Nesting Geese. As we have testified before, there has been a drastic decline in populations of four species of geese which nest on the Yukon-Kuskokwim Delta of western Alaska. For the past two years, this Committee has generously supported research and management efforts to forestall any further decline of these species. One aspect of this effort has proved most successful -- a community education program initiated in FY 1985 by the Yukon Delta National Wildlife Refuge. This program has served to make local village members aware of the extent of and possible reasons for the decline, and has opened lines of communication between subsistence hunters and the Service. The President's budget cuts the funding for this program; the Service will be unable to continue it unless this Committee provides an increase of $350,000.

Marine Birds. The health of marine bird populations is considered one of the best indicators of environmental change, both natural and man-caused. Two major forces are currently at work in the Alaskan environment -- commercial fishing and industrial development -- which have resulted in steep declines of many species of seabirds. The decrease in numbers of murres and kittiwakes has been linked to declining stocks of pollock (a major food source for these birds) due to overfishing. More that 20 species of seabirds are taken as incidental catch by pelagic drift nets; short-tailed shearwaters and tufted puffins are especially hard hit. The current accelerated leasing schedule of the outer continental shelf in Alaska will result in 14 sales in the next five years; the habitats of over 40 million seabirds of 50 species will be affected. The Service needs to obtain baseline data on marine bird populations in order to mitigate such impacts. We urge this Committee to provide an additional $500,000 so that the Service may conduct systematic surveys to establish population status and trends of these sensitive species.

Alaskan Refuges. Twelve refuges in Alaska are currently in the process of developing Comprehensive Conservation Plans, as mandated in the Alaska National Lands Act of 1980. Due to the vastness of lands to be evaluated (76 million acres) and the paucity of staff (one FTE per 650,000 acres) to do the data collection, the biological information base for Alaskan refuges is pitifully weak. Because of this, management decisions have been hotly contested and completion of CCPs throughout the state has been delayed. The Service will almost certainly not finish all plans by the 1987 deadline; only four have been completed to date. Additional funds are desperately needed to support baseline data collection of fish and wildlife populations, and habitat and subsistence mapping and inventory. We strongly urge the Committee to provide the Service with an additional $1,200,000 to enhance management efforts on Alaskan refuges.

Western Hemisphere Convention. For the fifth year in a row, the Administration has not budgeted adequate funds to support this nation's participation in the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere. This program, among other things, helps in the protection of migratory birds that breed in the U.S. but winter in Latin America. The President's budget provides just $150,000 for implementation of this program in FY 1987. This Committee has generously provided add-ons for the past four years, which have supported several initiatives, such as establishment of a natural resource graduate program for prospective refuge managers in Central America. We once again must urge you to provide the Service with an additional $150,000 to carry out U.S. responsibilities under the Western Hemisphere Convention in FY 1987. These additional monies will help support establishment of graduate programs in South America and the Caribbean, and development of a model refuge in Latin America which would serve as a base for long-term, on-the-ground training of newly graduated refuge managers.

Research and Development: + $500,000

The Service's 1987 research budget, with an increase of $3,100,000 for waterfowl projects, reflects the agency's ever-increasing focus on game species. More and more money is being pumped into waterfowl research with little apparent effect, as mallard, pintail, and blue-winged teal reach their lowest recorded numbers in history, and other populations nationwide continue to decline.

Despite the fact that about 90 percent of all vertebrate species are nongame, including over 800 species of nongame migratory birds protected by international treaty, the Service has given short shrift to development of a nongame program. In the late 1970s the Service attempted to expand its nongame activities, but program objectives set at that time have yet to be attained. National Species of Special Emphasis have been identified, but no management plans have been approved. A draft plan for the management of nongame migratory birds was completed in 1983, but the Service has taken no further action on it.

Budget cuts in recent years have served to severely curtail an already woefully underfunded nongame research program. The few nongame projects completed to date have been conducted by the migratory bird branch of Patuxent Wildlife Research Center in Maryland. At the beginning of FY 1986, however, this division was reorganized and the nongame section was dissolved into generic research teams for modeling, population status, and population regulation. The nongame specialists were instructed to complete ongoing projects and direct their attention to priority waterfowl issues. New proposals for nongame-oriented research have not been approved since then.

A comprehensive nongame research program is obviously vital to many aspects of the Service's work. Most importantly, it provides a cost-effective mechanism to prevent declining species from teetering over the edge, by identifying and managing problems before they advance to critical proportions and require more costly remedies. The Service has taken preliminary steps in the right direction by targeting certain species for action, but has been unwilling to reallocate the necessary resources to act on priority management needs. Meanwhile, populations of National Species of Special Emphasis such as the roseate tern, spotted owl, osprey, loggerhead shrike, and common loon continue to falter. The federal government simply cannot expect to rely on the states to carry out all nongame research -- especially in the absence of a federal grant assistance program.

We strongly urge the Committee to reject the dramatic narrowing of focus within the Service. The Service's mission to "provide the federal leadership to conserve, protect and enhance fish and wildlife and their habitats for the continuing benefit of people" is clearly a broad mandate which embraces all species, and the interests of consumptive and nonconsumptive users alike. The results of the 1980 National Survey of Fishing, Hunting, and Wildlife Associated Recreation clearly demonstrated that a significant portion of the American public has some direct interest in nongame wildlife and its management.

We hope the Committee will consider the long term impact of the termination of nongame research within the Service, and will take measures to maintain a viable program. Specifically, we urge the Committee to redirect nine FTEs to nongame research exclusively, and to support an increase of $500,000 to the President's budget in FY 1987 to fund a modest nongame program. The Committee should consider that the following topics could be studied in FY 1987 with a minimal financial commitment:

- population and feeding ecology of the roseate tern at major colony sites in Connecticut, New York, and Massachusetts;
- impacts of coastal marsh modification on migratory birds;
- status of the common loon, including investigation of heavy metal contamination as possible cause for population decline;
- evaluation of migratory bird stopovers as critical habitats to be included in a proposed international reserve system; and
- effects of forest fragmentation on breeding bird populations, in order to determine avian habitat requirements in eastern deciduous forests.

CONSTRUCTION AND ANADROMOUS FISH

Construction: + $400,000

Structures on the former naval air base at Cape Charles, Virginia, now part of the Eastern Shore of Virginia National Wildlife Refuge, are in a such disrepair that they are presently of little use to the Service. We urge the Committee to consider this refuge a high priority this year and to add $400,000 to the Service's construction budget for conversion of existing buildings into office space and a conference center, and removal of derelict buildings.

Anadromous Fish: + $2,000,000

The Anadromous Fish Conservation Act of 1965 provides for the grant-in-aid program to eligible states for the conservation, enhancement, or restoration of anadromous species. States use their grant funds for construction, research, fish propagation, and facility operation. The principal species benefiting from state programs are coho and chinook salmon, steelhead trout, Atlantic salmon, striped bass, river herring, and shad. The President's budget completely eliminates this grant program. We strongly urge the Committee to provide the Service with $2,000,000 to continue the many cost-effective federal-state cooperative projects that are ongoing this year. This amount would be consistent with the FY 1986 [adjusted for Gramm-Rudman] level of funding.

LAND AND WATER CONSERVATION FUND

The President's budget provides $1,500,000 for acquisition management and proposes no new land purchases in FY 1987. The National Audubon Society believes, in this deficit-conscious year as in past years, that a moratorium on federal acquisition of critical wildlife habitat is ill-advised, and certainly not cost-effective in the long run. Land purchases made with LWCF monies do not drain the general treasury; the fund is comprised of proceeds from the disposal of federal surplus property, certain user fees, and receipts from outer continental shelf leasing. The LWCF Act provided that $900 million be credited to the fund each fiscal year through 1989; the unappropriated balance in the fund is over $4 billion. The areas that we propose for purchase will only escalate in price; some are under immediate threat of development, others are vitally important to the survival of endangered species. [A case in point: the Hudson Ranch, for which $9,000,000 has already been appropriated by this Committee for protection of the critically endangered California condor. Acquisition of this property has been delayed by the Administration; we urge the Committee to press for action on this purchase.] We recommend the Committee support the appropriation of an additional $41,945,000 for the acquisition in FY 1987 of the following high priority projects:

Acquisition Unit	Type of Acquisition	Acres	Cost $ Millions		
Lower Rio Grande Valley, TX	EA	3,500	5.000		
Upper Hakalau Forest, HI	ES	6,470	3.000	@	*
Fakahatchee Strand, FL [panther]	ES	3,586	5.000		*
National Key Deer, FL	ES	600	3.000		
Finnegan Cut, CA [Aleutian Canada goose]	ES	777	1.500		
Lower Suwannee, FL	EA	5,216	2.500		
Kirtland's Warbler, MI	ES	1,500	0.800		
Ash Meadows, NV	ES	1,326	1.640		*
Bear Valley, OR [bald eagle]	ES	381	0.250	@	*
Pahranagut Lake, NV	ES	18	0.080		
Oklahoma Bat Caves, OK	ES	575	0.100		*
Sevilleta, NM [whooping crane]	ES	1,575	0.300		
Carrizo Plains, CA [leopard lizard]	ES	1,700	3.000	@	
Connecticut Coastal Islands, CT	SL	7	0.375		
Eastern Shore of Virginia, VA	EA	73	0.350	@	
San Francisco Bay, CA	SL	4,481	3.500		
Bon Secour, AL	SL	600	3.000		
Minnesota Valley, MN	SL	500	1.200		
Bogue Chitto, LA	SL	3,000	2.000		
Tensas River, LA	SL	2,000	2.000		
Great Dismal Swamp, NC & VA	SL	2,000	2.350		
Acquisition Management			1.500		
Inholdings			1.000		
TOTAL			43.445		

Projects listed in general order of priority.
Items selected can be acquired from willing seller in all probability.

ES -- Endangered Species
SL -- Special Legislation
EA -- Addition to Established Area

@ Project of The Nature Conservancy.
* Purchase will complete acquisition.

MIGRATORY BIRD CONSERVATION ACCOUNT: + $10,561,000

Like Land and Water Conservation Fund purchases, land aquisition funded by the MBCA do not add to the federal deficit. The MBCA is supported by money from the sale of duck stamps and from direct appropriations made under the authority of the Wetlands Loan Act of 1961. The President's budget requests no advance appropriation from the wetlands loan account. We urge the Committee to appropriate the remaining authorized balance of $10,561,000 to acquire critical migratory bird habitat. Projects which should be considered high priority include Anderson-Tully in Tennessee, Cache River in Arkansas, and Alligator River in North Carolina [$650,000 for white cedar timber rights].

GENERAL RECOMMENDATIONS

A basic restructuring of research programs within the Fish and Wildlife Service is needed, and could result in substantial savings. We suggest that a general reorientation toward habitat improvement research would be beneficial to both the nation's wildlife resources and the agency's annual budget. We urge the Committee to carefully examine the overall focus of research within the Service, and consider the following proposals as ways to cut funding while maintaining a research program that is responsive to today's resource management issues.

- Eliminate research on stabilized waterfowl hunting regulations. Use those funds to study migratory waterfowl habitat and improve censusing techniques. Result: population surveys, now done on an annual basis, could be done every three to five years, with big savings in the long run.

- Reduce the amount of research on captive endangered species husbandry, and use surplus funds to study methods of manipulating and conserving habitat. Habitat work is most vital if propagated species are to survive in the wild, which is the ultimate goal of recovery efforts. Most captive propagation work can be done by zoos and universities.

- Cut funding for fish husbandry research laboratories, and refocus energy on natural stream ecology research to improve management of fish habitat. The Food Security Act gives the Department of Agriculture the lead in aquaculture; this responsibility should be carried out by the agency with the proper mandate and resources.

- Reduce funding for hatchery development centers, and use those monies for endangered species status and habitat research. These centers duplicate much of the work carried out in the fish husbandry labs.

Defenders
OF WILDLIFE

TESTIMONY OF
DEFENDERS OF WILDLIFE
NATURAL RESOURCES DEFENSE COUNCIL
SOCIETY FOR ANIMAL PROTECTIVE LEGISLATION
AND
THE FUND FOR ANIMALS

BEFORE

THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ON

THE BUDGET REQUEST FOR THE FISH AND WILDLIFE SERVICE

FEBRUARY 21, 1986

ROOM 406 DIRKSEN SENATE OFFICE BUILDING

Presented By

John Fitzgerald
Washington Representative
Endangered Wildlife Program
Defenders of Wildlife

2/21

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TESTIMONY OF
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BEFORE
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Mr. Chairman, I am John Fitzgerald, Washington Representative for Endangered Wildlife Programs of Defenders of Wildlife. On behalf of Defenders of Wildlife, the Natural Resources Defense Council, the Society for Animal Protective Legislation, and The Fund for Animals, I would like to thank you for affording us the opportunity to testify today. The Committee should be commended for holding a public hearing on the Budget Request for the Fish and Wildife Service (FWS) and the effect of sequestrations for fiscal year 1986.

In 1985, the Congress approved the Balanced Budget and Emergency Deficit Control Act, better known as the Gramm-Rudman-Hollings Bill. With the President's signature it became Public Law 99-177 and set in motion a process for balancing the budget by fiscal year 1991. The process requires a schedule of cuts in the federal deficit beginning with fiscal year 1986, which is already one-third over. An initial Court ruling that the automatic budget cutting element of the bill is unconstitutional has tentatively turned the final responsibility back to the Congress, but it has not blunted the drive to reduce the deficit.

How will this process affect wildlife? The Fish and Wildlife Service prepared a list of examples of how the relatively minor cut of 4.3% in the budget of each non-defense agency would affect them. They include: "Reduce level of protection for migratory birds, marine mammals, and other wildlife species; reduce law enforcement intelligence gathering, including covert operations; reduce scope of contaminants research focusing on tumors in Great Lakes fish; decrease activities related to visitor services on wildlife refuges..." and more.

The cut for FY87 that begins October 1st is projected to be over

20% across the board for all non-exempt programs. Almost all wildlife programs are included, and thus they are not exempted from the cutting or "sequestration" process. Rather than let this automatic process take effect, we believe we can meet the target in a way that minimizes harm to, or actually advances, wildlife programs and objectives. Moreover, there are ways to charge consumptive users on federal lands in a way that can help offset the costs involved. And there is tax reform, which promises to reduce incentives for activities that harm wildlife. For example, Senator John Chafee has proposed eliminating tax deductions for harmful developments in certain environmentally sensitive areas, such as critical habitat for endangered species and areas of critical environmental concern on public lands. We could do that and add the interest deductions for new second homes to the list of building activities we'd rather not subsidize in these sensitive areas.

But first, we should take a look at what the President has proposed for a budget that meets the GRH targets. The President's budget proposal is not one of across-the-board and equal cuts. It is harder on wildlife than on many other programs. For example, the Interior Department is cut roughly $300 million (4.3%) from the FY86 level of $6.9 billion. Within the Department, priorities are more questionable. The Bureau of Reclamation is given nearly $292 million just for two massive water projects - the Central Utah and Central Arizona Projects - the result is an increase of $153 million for the Bureau in FY87.

The President's budget request for the Fish and Wildlife Service is $581 million - a reduction of 7.7% from the $630.5 million of last year. The cuts for endangered species are more dramatic still - $7.1 million less for a cut of 23% in one year. $28 million of the $41 million appropriated for FY86 can be considered as refuge protection for endangered species. He has totally eliminated funds to acquire refuges for endangered and other wildlife.

Refuge Operations

The Alaska Lands Act of 1980 designated over 76 million acres of refuges, creating and expanding 16 national wildlife refuges. The Act also mandated that Comprehensive Conservation Plans be completed for these refuges by December 1987. Nine plans will still need to be finished during FY87. The biological baseline information for the Alaska refuges is very weak. The result has been widespread criticism of all the plans the public has reviewed to date. Additional funds to support the baseline data collection of fish and wildlife populations and habitat mapping are vital to the entire CCP effort. Defenders urges the Committee to provide the Service with an additional $1.2 million to enhance these efforts on Alaska refuges.

Defenders believes in light of the December 1985 selenium study and the January 1986 contaminants on refuges study that at a minimum $5 million is needed for FY87 to address the most critical wildlife refuge and irrigation system contaminant problems identified in the studies. Unofficial estimates range from $100,000 to $700,000 for investigation and remedial action on each problem identified. The proposed budget contains neither enough funds nor enough people to do the work. To obtain a precise estimate of what increased funding and FTEs are needed, Defenders recommends that Congress ask the FWS to give a breakdown of what they estimate the cost of investigation, remedial action, and where possible, cleanup for each Class A, Class B, and Class C contaminant problem identified in the studies will be.

Defenders testified last year in support of the funds needed to carry out the Arctic Goose Education Program (Native Liaison Program) directed at reversing the severe decline in Arctic nesting geese in the Yukon Delta National Wildlife Refuge. Defenders believes that the $298,000 should be reallocated from the $3,051,000 increase proposed by FWS for Wildlife Research, as most of the money is to go to stem the decrease in waterfowl populations and that is exactly what this effective two-year-old program is doing.

Endangered Species

The Fish and Wildlife Service does two things for endangered species: It buys land, and it coordinates active government work on behalf of the species. If one considers these together, the Administration proposal would eliminate nearly 50% of the federal effort on endangered wildlife.

We do not think it makes sense to throw out much of the small endangered species program to save water projects, especially when those projects are further endangering western wildlife, and even those who benefit from those projects rarely pay their full share of the cost.

The Endangered Species Program is far behind in a number of critical and quantifiable ways. It has nearly 4,000 "candidate" species awaiting possible listing as endangered or threatened - the Service has determined that 1,000 of these clearly warrant listing. Service records show that 20 animals and 60 plants have been dropped from the candidate list because they became extinct while waiting to be listed. The FWS has recovery plans for only 60% of listed species and has provided even minimal attention to the recovery of barely half of those. Its consultation and law enforcement programs are severely understaffed, and as a result, the Service enforces the Act inadequately, or almost not at all, as in the case of plants. Millions' worth of state cooperative grant applications of high quality go unmatched with federal funds, and the ratio of funds to agreement that are in effect has dropped to one-fifth what it was in 1977. In the last two years, Service records show the first verified extinction of a listed species at the hand of man while over 30 more, such as the black-footed ferret and Florida panther, have become critically endangered or in other cases presumed extinct, while practical and relatively inexpensive recovery steps have not been taken.

In considering reauthorizing legislation, both Houses have recognized the need for increased resources and have to date provided authorization for increased appropriations for FY87 and 88.

Defenders has accepted some proposed cuts and suggested a package of $9.6 million in restorations and enhancements for endangered species.

CITES and Lacey Act Enforcment

This year the Administration is charging importers of wildlife for inspections required under law. That will help replace over a million dollars for wildlife law enforcement that will not come from tax dollars. But the law enforcement budget is still too low. For example, only 25% of international animal shipments are inspected, and the Administration fails even to coordinate Agriculture records with FWS forms that reveal violations. This is a huge hole for illegal shipments in what should be an effective dragnet. Defenders recommends restorations.

"Nongame"

In its token effort at funding the Fish and Wildlife Conservation Act, the Administration fails to recognize the declining state of non-hunted ("nongame") wildlife in terms of populations, habitat, and funds for their conservation.

We recommend an appropriation of $1,500,000 and seven additional full-time equivalents (FTEs) to develop and implement the management plans and other activities called for in the Fish and Wildlfe Conservation Act of 1980 (Nongame Act, P.L. 96-366).

A recent Solicitor's Opinion confirms that a portion of the dedicated funds (Pittman-Robertson, Dingell-Johnson, and Wallop-Breaux) can be used for non-consumptive program work if taken from the administrative portion of these accounts. The $1.5 million we recommend is well below the ceilings of 6%, 6%, and 8%, respectively. In addition, half of these funds should be allocated to habitat management and half for research to provide a better coordinated program.

Over 90% of animal species in this country are not hunted. Most are not aided to any large extent by state wildlife agencies, yet large numbers are rapidly declining (see attached materials concerning migratory birds).

As a Service report has already demonstrated, there are several options for creating a sustained fund for nongame programs. To fund nongame programs without increasing the deficit, we could make miners pay $25 when they renew their claims on federal lands and raise over $30 million a year. We could raise severance taxes to somewhere near the level assessed on non-federal land and raise $120 million more. This Committee could institute user fees on federal lands within its jurisdiction. Those fees should be based on the impact of the activity on the refuge and its wildlife.

Refuge Land Acquisition

The Land and Water Conservation Fund is based on oil and gas production taxes. To spend from the Fund does not require further taxation and does not increase the federal deficit that threatens the taxpayer in years to come. In fact, any failure to acquire land that we know is critical to wildlife federal care or protection will only increase the cost in future years, as land prices are not likely to decline and wildlife will decline, making recovery more expensive, if we do not act now. Therefore, Defenders and a coalition of several major conservation groups are recommending a combined restoration and enhancement of $85 million for the LWCF and $10.56 million through the Migratory Bird Conservation Fund.

Shifting the Budget Burden

The President was able to spare the Department of the Interior from cuts as great as the automatic cuts would be by cutting from other Departments and by raising revenues, partly through increased user fees paid by those who consume or substantially alter public natural resources for their private benefit. It is there that we begin to see more common sense in the economics of conservation. Congress should take this strategy further this year.

For example, savings could be achieved by cutting federal spending for Corps of Engineers water projects and increasing user fees for barge traffic. Congress could also cut outlays for highways to meet budget targets.

This Committee has jurisdiction over pollution control programs that, if amended, could raise money and improve habitat for fish and wildlife in one stroke. Federal law sets limits on the amount of certain pollutants that may be emitted. But there is little incentive to decrease them further, and some polluters exceed the legal standards, perhaps figuring that the fines are less expensive than the cost of cleaner operations. We could reduce the incentive to spew out sulpher dioxide that acidifies lakes and to discharge pollution into rivers by taxing emissions as well as setting legal limits on pollutants. Since many emissions are already monitored, the additional cost to apply such a tax would be small compared to the large income the pollution tax could provide. It has been estimated that a tax of $400 per ton on the 25 million tons of sulphur dioxide emissions yearly would generate $8 billion even after emission reductions of 20%.

The Federal Government has been prescribing and subsidizing radical surgery on public lands and wildlife that depend on those lands for as long as they have been in its care. The patient is not recovering. This year we can help wildlife if we reject the recommended amputation of wildlife programs like Section 6 and land acquisition, if we reduce federal subsidies for the most damaging developments, and if we generally apply the physicians' ancient rule: "First, do no harm...."

INTERIOR DEPARTMENT

Fish and Wildlife Service

Wildlife Resources

	(in millions) FY87 Admin. Request	Change from Admin. Request
Refuge Operations		
New and Expanded Refuge Operations (Alaska)	$4.251	+$1.200
Existing Refuges	*	+ 5.000
Arctic Goose Educ. (Native Liaison Program)	.052	+ .298**
Water Rights	.175	+ .142
Land Acquisition		
Land and Water Conservation Fund	1.500	+85.000***
Migratory Bird Conservation Fund	0	+10.560
	TOTAL	+$102.200

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* The budget justification provided no breakdown of operations money to be spent on contamination issues.

** Defenders suggests these funds be reallocated from Wildlife Resources - Research and Development ("Mortality Factors and Population Status").

*** This figure is a refuge acquisiton estimate based on a projected $85 million recommendation for Land and Water Conservation Fund (LWCF) by the LWCF Conservation Alternative for fiscal year 1987.

New and Expanded Refuges **$4.251** **$1.200**
(Alaska)

The Alaska Lands Act of 1980 mandates that all 16 Alaska refuges have their Comprehensive Conservation Plans finished by December 2, 1987. Currently, four plans are completed. The Fish and Wildlife Service indicates that they expect three more plans to be completed by October 1986. Thus, nine plans remain to be finished primarily during FY1987.

Among the ones that remain are the vast Yukon Delta and Arctic National Wildlife Refuges, which comprise almost 40 million acres of refuge land. Also, the FWS must develop the CCP for the Alaska Maritime Refuge - a refuge that consists of hundreds of islands scattered along the coast of Alaska. The biological baseline information for the Alaska refuges is very weak. Yet FWS is making decisions to exclude refuge lands from wilderness recommendation and to develop lands based on this poor data. The result has been widespread criticism of all the plans the public has reviewed to date. Additional funds to support the baseline data collection of fish and wildlfie populations and habitat mapping are vital to the entire CCP effort. Defenders urges the Committee to provide the Service with an additional $1.2 million to enhance these efforts on Alaska refuges.

Existing Refuges ***** **5.000**
Contaminant Issues **-** **(10)**

The FY87 budget justification gives no breakdown of the Operations budget indicating what is to be spent by refuges for contaminant work, even though page 77 (FWS Budget Juistification) states that "greater emphasis will be placed, in FY 1987, on identifying and addressing [serious problems, such as contaminants] at the earliest possible stages and on preventing major problems from developing." Defenders believes that a breakdown is vital in determining exactly how much additional funding is needed and where the requested funds are to be spent.

Unofficial estimates range from $100,000 to $700,000 for investigation and remedial action on each problem identified as needing immediate attention in the December 1985 selenium study and the January 1986 contaminants on refuges study. In light of these estimates Defenders believes that at a minimum $5 million is needed for FY 1987 to address the most critical wildlife refuge and irrigation system contaminant problems identified in the studies. (Each irrigation drainwater problem, such as that found at the Stillwater NWR could cost between $500,000 and $1,000,000 for investigation and remedial action alone.)

The proposed budget contains neither enough funds nor enough people to do the work. To obtain a precise estimate of what increased funding and FTEs are needed, Defenders recommends that Congress ask the FWS to give a breakdown of what they estimate the cost of investigation, remedial action, and where possible, cleanup for each Class A, Class B, and Class C contaminant problem identified in the studies will be. (There were 10 Class A, 27 Class B, and 40 Class C problems identified in the January document alone.)

Furthermore, language should be included which states that the money is to be allocated to specific refuges or irrigation drainwater problems but that resource contaminant assessment personnel should work with refuge personnel in carrying out the projects, as RCA personnel have the expertise in these issues (thus at a minimum ten additional Resource Contaminant Assessment personnel are needed, one for each Region and a second for Regions 1, 2, and 6 - those areas with the large irrigation drainwater problems).1/ Allocation of funds in this manner would ensure that the specific refuge contaminant problems are addressed by the most qualified personnel.

NOTE 1/: The Fish and Wildlife Service has two programs which investigate contaminant problems and their effects on fish and wildlife: (1) the Division of Resource Contaminant Assessment (RCA) under Habitat Resources, and (2) the Division of Refuge Management under Wildlife Resources. The RCA division has not been designated to work on refuge problems or on irrigation and agricultural drainwater contaminant problems. Yet RCA, even though sorely understaffed, has the staff expertise to handle these problems. Defenders believes that greater cooperation between the two divisions is needed at the program level in order to get the most for the federal dollars spent on this issue.) Allocation of funds in this manner would ensure that the specific refuges' contaminant problems are addressed by the most qualified personnel.

Arctic Goose Educ. Program (Native Liaison Program)	.052	.298

Defenders testified last year in support of the funds needed to carry out this community education and information program directed at reversing the severe decline in Arctic nesting geese in the Yukon Delta National Wildlife Refuge begun in FY 1985. This program includes 10 Native liaisons who work in the many villages of the Delta educating villagers to the possible reasons for declining geese populations. The program further serves to increase cooperation and communication between the Service and villagers. This effective program will be unable to continue unless Congress restores the $298,000 which has been cut in the

FWS proposed budget.

Defenders believes that the $298,000 should be reallocated from the $3,051,000 increase proposed by FWS for Wildlife Research on "Mortality Factors and Population Status." The $3 million according to the Budget Justification is to be used, among other things, "to alleviate the downward trend of waterfowl populations in the United States." And that is exactly the purpose of the ongoing and successful Arctic Goose Education Program.

Land Acquisition

Land and Water Conservation Fund	1.500	85.000

In FY87 the Administration has only requested $1.5 million from this account to pay the cost of administering ongoing land and water acquisition. As in recent years, Defenders is working with other national environmental organizations in developing THE CONSERVATION ALTERNATIVE FOR FISCAL YEAR 1987, which recommends funding for needed National Wildlife Refuge (NWR), Forest Service, National Park Service, and Bureau of Land Management acquisition. In the final document, which will be available to the Committee late next week, the environmental organizations will be recommending a budget of approximately $85 million for refuge land acquisition. The recommendation is based on acquisition priorities where one or more of the following conditions exist:

1) court awards already existing or anticipated for which the federal government has an obligation to compensate landowners; (2) a serious threat to lands, waters, and/or wildlife; (3) a likelihood of willing sellers and/or hardships to landowners; and (4) an ongoing land acquisition program designed to complete a project within a certain period.

The Land and Water Conservation Fund Act provides that $900 million be credited each fiscal year through FY88 to the Land and Water Consrvation Fund, with annual appropriations to be determined by Congress. The unappropriated balance in the Fund currently exceeds $4 billion. Receipts for the Fund are derived from surplus property sales, motorboat fuel taxes, and outer continental shelf leases and royalties.

Among the projects on the list which Defenders will be giving priority to this year are: Trustom Pond NWR, RI; Rachel Carson NWR, ME; National Elk National Wildlife Refuge, WY; Minnesota Valley NWR, MN; Wertheim NWR, NY; Great Swamp NWR, NJ; the Lower Rio Grande Valley NWR, TX; and land acquisition in the Fakahatchee Strand for the endangered Florida panther.

Migratory Bird Conservation Account	0	10.560

The Administration has not requested an advance appropriation for the wetlands loan account this year. However, approximately $10,560,000 remains available in this account to purchase critical migratory bird habitat. We recommend this money be appropriated and that the authority to appropriate the $10,560,000 under the Wetlands Loan Act be extended as provided in Sec. 101 of S. 740.

Projects which should be considered high priority for funding include Red Rock Lakes NWR in Montana and Anderson-Tully in Tennessee and Arkansas.

Each year the United States loses approximately 450,000 acres of wetlands to erosion, agricultural, residential, commercial, and industrial development. These losses are rapidly eliminating our ability to acquire and preserve habitat for endangered species, migratory waterfowl, and other wildlife. For these reasons Defenders does not think the American people or the wildlife which depend upon the refuge habitat for breeding, nesting, feeding, and overflight stops can afford the cessation in land acquisition which the Administration proposes.

Operations and Maintenance

Water Rights on Refuges	0	.142

We recommend the restoration of $142,000 for the justification of federal reserved water rights on refuge land in the 17 contiguous western states. Water rights must be protected in these water-scarce states in order to ensure good quality habitat for waterfowl and other migratory bird and wildlife populations.

Endangered Species

Overview

The Endangered Species Program is far behind in a number of critical and quantifiable ways. It has nearly 4,000 "candidate" species awaiting possible listing as endangered or threatened - the Service has determined that over 1,000 of these clearly warrant listing. It has recovery plans for only 60% of listed species and has provided even minimal attention to the recovery of barely half of those. Its consultation and law enforcement staffs are severely understaffed, and as a result, the Service enforces the Act inadequately, or almost not at all, as in the case of plants. Millions' worth of state cooperative grant applications of high quality go unmatched with federal funds, and the ratio of funds to agreement that are in effect has dropped to one-fifth what it was in 1977. In the last two years, Service records show the first verified extinction of a listed species at the hand of man. Over 30 more species, such as the black-footed ferret and Florida panther have declined to critically endangered levels or in other cases are probably extinct, while readily available and fairly inexpensive recovery steps have not been taken.

In considering reauthorizing legislation, both Houses have recognized the need for increased resources and have to date provided authorization for increased appropriations for FY87 and 88.

The President has demonstrated that millions of dollars are available in license fees, user fees, and reductions in subsidies for private economic interests within the Interior Department and its agencies. A number of programs are substantially increased. Therefore, a large reduction in the relatively small Endangered Species Program is unnecessary to meet current deficit reduction targets. It is counterproductive, in fact. The federal government has necessarily asserted its jurisdiction over endangered species. In return, it has held out the promise of federal assistance to states that cooperate in their recovery. Without matching funds, states are unlikely to initiate new work on endangered species, particularly in light of the declining receipts in recent years from nongame check-offs. Yet without greater protection and recovery work now, it will become even more expensive for industry as well as government to cope with the situation.

Therefore, for FY87, Defenders has identified a package of restorations and modest enhancements for endangered species. These enhancements are outlined on the following page.

Fish and Wildlife Service

Endangered Species Program:

	FY87 Admin. Request (in millions)	Change from Admin. Request (in millions)
Listing	2.937 (58)	+ .889 (+15)
Law Enforcement	7.240 (156)	+ .450 (+5)
Consultation	2.588 (74)	+1.900 (+15)
Recovery	6.030 (59)	+1.800 (+15)
Research and Development	4.365 (65)	+ .100
Cooperation with States	0 (0)	+4.500
	Total	+$9.639 (+45)

Justification for Restorations and Enhancements

Endangered Species

(OES/Section 15 ESA)	**FY87 Recomm.**	**Change from** Admin. Request
Listing	**3.826**	**+ .889** **FTEs + 15**

The OES listing activity level now and projected under the President's budget request is a total of 64 or 65 final listings, delistings, and reclassifications per year. The backlog of candidates awaiting listing equals some 3,800 species, 1,100 of which are already known to qualify. Species are becoming extinct before they can be listed. Twenty animals and 60 plants have been dropped due to their extinction. An additional 200+ plant candidates are identified as possibly extinct.

The need is twofold: (1) increase final rules per year to reduce the backlog of species qualifying and awaiting listing; and (2) increase survey work to monitor candidates and reduce the backlog of species for which additional information is still needed.

With a continuing use of the Section 4(b)(1)(iii) finding on petitions of "warranted but precluded" by lack of resources, the Service is (officially) signaling a dire need for funds and personnel in listing. A $249,000 restoration, plus a $501,000 funding enhancement and +15 FTEs are needed to increase the listing pace to approximately 75 final rules per year. In addition, a $139,000 restoration is recommended for status survey work to reduce further the backlog of 2,700 candidates for which additional information is required to determine whether listing is appropriate.

As recommended above, the Congress should instruct the Department to allow for 15 additional positions under this line item or activity. Further, in order to both monitor candidates and take action to list them expeditiously, the Service should add listing biologists, particularly botanists and invertebrate biologists. There are vertebrate candidates of particular concern, however, which include unlisted populations of desert tortoise, the western yellow-billed cuckoo, and the lynx. The House of Representatives has adopted, in H.R. 1027, an amendment to the Act requiring active monitoring of candidate species and emergency listing when necessary to avoid substantial risk to candidates. It is expected that the Senate will accept the amendment, but some form of monitoring and listing enhancement (which is currently permitted but not clearly required) should be funded in any case.

Listing is key because it triggers all of the other protections provided by the Act, including the statutory prohibitions and duties which provide benefits for the species that far outweigh the costs of listing.

Finally, the Congress should instruct the Department to streamline the listing review process in light of new review procedures and additions to the surname route that seem to fly in the face of the law's requirements that biological science is to be the sole factor on which listing decisions are based.

Law Enforcement	7.240 (156)	+ .400 (+4)

Before discussing specific needs, it should be noted that the law enforcement approach of this Administration does not do justice to the Act. Taking by habitat destruction as in the rototilling of the last habitat of the Palos Verdes blue butterfly, is apparently not considered worth prosecuting even when the facts and the law are fairly straightforward. Thus, the first documented extinction at the hand of man of a listed American endangered species will probably go unprosecuted.

In a move that makes considerable sense, on the other hand, port of entry fees should provide more income this year, offsetting reductions somewhat in law enforcement's budget.

An additional $200,000, however, is needed to provide more active enforcement of federal prohibitions protecting listed plants. The Committee Report on H.R. 1027 instructs the Service to take new initiatives in the area of plant protection, including better cooperation with private landowners and authorities, acquisition of easements or interests in plants on private land to provide for better protection, and other steps. An enhancement of $200,000 for law enforcement would ennable the Service to expand the improvement shown in 1985 with the prosecution of what may be the first two cases under the Act involving plant trade.

An increase of $200,000 should be provided to improve law enforcement for wolves subject to continued or threatened illegal killing, particularly in Montana and Minnesota, and potentially in Wyoming. While the Service indicates that prevention of predator take is a priority, a Yale University survey of Minnesotans jointly funded by the Service and Defenders revealed, despite a large majority of support for wolf recovery, "12% of farmers and 17% of trappers said they had personally killed or captured a timber wolf, [and] more than 40% of farmers, hunters, trappers, and northern counties residents reported knowing someone who had captured or killed a timber wolf." It has been estimated that more than 200 wolves are killed illegally each year in Minnesota, yet the Department in 1985 had only six investigations, none of which involved criminal penalties.

Public education materials developed for these efforts, including notice of Section 11(d) rewards, and explanation of conspiracy and accessory crimes related to taking, could assist in the prevention of other takings such as the recent poisoning of bald eagles in the Northwest.

Wildlife Permit Administration

Restoration **.050**
(FTE)(+1)

Justification:

In FY 1986 additional funds ($50,000) were provided to improve the processing of CITES permits. These funds are to be used to increase productivity by purchasing new equipment and training existing staff. While expanded automation and improved recordkeeping will certainly help, the critical need is for an additional staff person to review and process permit applications, which are increasing by greater than 10% per year. At existing staff levels, the Service appears to lack the ability to effectively analyze permit information, to identify problem areas (such as inappropriate imports of CITES Appendix I cacti plants), and to devise solutions. Rather than having the capability to perform these important functions, the Service appears to be dependent upon outside sources to analyze the data at a later date and bring problems to its attention.

Western Hemisphere Convention

Restoration	.220	.300

In a related area which has its own authorization under the ESA, the international protection of wildlife is enhanced through the implementation of the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere (Western Convention). The President is requesting approximately $220,000 to continue some of the work of the FWS on wildlife management training and research in the Hemisphere. Much of the work on migratory birds and forest fragmentation will be reduced if the Congress does not restore at least $80,000 of the current $315,000. In fact, funding has already been reduced from FY83 levels of $450,000.

Consultation	2.588 (74)	+1.900 (+15)

The Service's ability to consult carefully with agencies concerning the impact of actions on listed species must be enhanced given the fact that action agencies and private applicants are outspending the Service many times over in preparation for consultations. The Service is also expected to confer informally concerning all actions affecting proposed species and many candidates. This conferral process is one of the keys to developing a system for effective monitoring of candidate species as contemplated by the amendment approved by the House in H.R. 1027 in response to extinctions among candidates. In the last two years those extinctions among candidates awaiting protection by the Service have been determined to include over 20 animal and as many as 260 plant species.

With the additional funds and personnel recommended, both the species to be protected and the applicants for federal permits will be aided by a faster and fuller consultation process.

Recovery	6.030 (59)	+1.800 (+15)

In several instances, in FY86, the Service redirected funds from lower priority recovery actions to fund a select number of projects designated higher priority. The Service justification for the proposed $754,000 cut notes that lower priority recovery actions for 25 species will be delayed, apparently in addition. Defenders' review of the FWS Regional species status reports indicates that 33 listed American species are already at crisis levels or presumed extinct. More species are declining toward that status. This is in large part a result of lack of adequate funding for recovery.

Congress provided urgently required research funding for captive breeding of the black-footed ferret, whose sole source of food in the only known colony near Meeteeste Wyoming was diminished by sylvatic plague discovered in June 1985 among the prairie dog host population there, followed by distemper deaths among the ferrets. Eventually, captive breeding should take place in at least two locations separated by considerable distance and under the supervision of the Service in order to ensure safety of breeding populations. To save the species may require some very sophisticated techniques, such as cryogenic preservation of sperm even as early as FY87. Therefore, an additional $50,000 in recovery funds is requested for the ferret.

Recovery work on the Aleutian Canada goose should not include the poisoning of goose-predating foxes in light of the fact that the Service has been unable to establish the geese on new islands even when they are free of predators. Furthermore there is a real risk of poisoning other wildlife, including bald eagles with the Compound 1080 baits being used. Hence, the $100,000 should be deleted or redirected to other recovery work, leaving $426,000 for the goose.

In light of necessary restrictions on the handling of listed predators, efforts to recover such predator species as the wolf and grizzly would be greatly enhanced by a federal program of compensation for livestock lost to listed predators. This compensation should be contingent upon the use of best available livestock management practices, including rapid carcass removal, shed lambing, anti-wolf guarding dogs, taste aversion, and other techniques where appropriate. In establishing such a program the Service should cooperate with the Animal Damage Control Program and the state Cooperative Extension Services. The program should also be designed to augment and not replace such private insurance as may be available. The program should initially be targeted for wolves and grizzlies in Montana, Wyoming, Idaho, Minnesota (where a successful state program could share the cost) and perhaps North Carolina, though red wolf threats to livestock there are unlikely. (Defenders has received a small pledge of funds for costs related to such a program.) Initially $100,000 could be provided, but less, or none would be required in future years depending on whether a trust fund could be established for this purpose.

Another $100,000 should be provided for Rocky Mountain wolf recovery. In certain areas, wolf recovery will aide grizzly recovery as wolves can take down ungulates such as elk that grizzlies cannot catch at their peak of health in summer. Grizzlies soon drive off wolves and feed on the remaining meat. This relationship can help prevent livestock predation, hasten recovery of the predators without supplemental feeding and keep potential overpopulation of ungulates in check.

The remaining $1,650,000 restoration/enhancement should be used to expedite recovery work for other species and to begin recovery work for some of the many species for which recovery has not been funded at all. Though progress is projected, 40% of listed species are still not even covered by approved recovery plans despite the Act's requirement that plans be prepared unless the Secretary decides affirmatively that it is not in the interest of recovery to do so. We are unaware that he has made such findings for the 40% lacking plans.

Research and Development	4.365 (65)	+ .100

While we do not recommend restoration of the full $148,000, it is entirely appropriate to restore $100,000 of that for developement of non-lethal control and aversion techniques for listed predators such as grizzlies and wolves. This should include work on taste aversion techniques, such as lithium chloride baits used successfully in Canada, and large guarding dogs in wolf country such as northern Minnesota.

Cooperation with States	0 (0)	+4.500

Restoration of the budget for cooperation with the states is recommended along with an enhancement of $107,000 which is less than the rate of inflation for FY86 or FY87 as measured by the CBO's GNP Deflator which is 4.3% for those years. A shrinking "Section 6" program will allow for continuation of some work such as North Carolina's protection of the bunched arrowhead, its status survey of the northern flying squirrel and its release of bald eagles. It may allow New York to continue to search for the endangered forest orchid, the small-whorled pogonia; Illinois may continue to protect one of nature's insect controllers, the Indiana bat, while Idaho keeps track of its grizzlies and Florida and Wyoming attempt to save the last populations of the Florida panther and the black-footed ferret.

Without the cooperative program which includes not only funds but annual reviews and technical guidance, the Service and the Congress surely realize that some of these species will be simply written off even though the federal government retains jurisdiction over them.

The Service's justification includes reliance on state nongame check-offs. This reliance is misleading and misplaced since twice as many of the check-offs are in fact declining as are increasing. Defenders recomends that a substantial federal fund be established to pay for steady and dependable work by the federal and state governments on behalf of endangered, threatened, sensitive, rare, and other nongame species. The vehicle for establishing this fund is the bill to reauthorize the Fish and Wildlife Conservation Act of 1980. The sources of funds are outlined in the Service's own December, 1984, report to Congress on the subject. (See Nongame section below.)

"Nongame"	**0**	**1.500** (7)

We recommend an appropriation of $1,500,000 and seven additional full-time equivalents (FTEs) to develop and implement the management plans and other activities called for in the Fish and Wildife Conservation Act of 1980 (Nongame Act, P.L. 96-366).

A recent Solicitor's Opinion confirms that a portion of the dedicated funds (Pittman-Robertson, Dingell-Johnson, and Wallop-Breaux) can be used for non-consumptive program work if taken from the administrative portion of these accounts. The $1.5 million we recommend is well below the ceilings of 6%, 6%, and 8%, respectively. In addition, half of these funds should be allocated to habitat management and half for research to provide a better coordinated program.

Over 90% of animal species in this country are not hunted. Most are not aided to any large extent by state wildlife agencies, yet large numbers are rapidly declining (see attached materials concerning migratory birds).

We further strongly recommend that the Congress reauthorize the Fish and Wildlife Conservation Act of 1980 and include in that reauthorization the creation of the fund which the Congress envisioned when it approved the Act in 1980.

We recommend a fund that will not increase the federal deficit, but will be supported by a package of fees including several outlined in the FWS report on nongame funding requested by Congress.

The Fish and Wildlife Service in December 1984 prepared a study of alternative sources of funding for enhancement programs for nongame wildlife. The Congress directed the Secretary to prepare such a study and to recommend sources which the Congress could then tap for work pursuant to the Fish and Wildlife Conservation Act of 1980.

The sources listed in the report could generate several hundred million dollars annually. We do not recommend the adoption of most of the items. We do recommend that several be adopted in whole or in part for annual receipts and outlays of approximately $100,000,000.

In addition to raising funds, fees may discourage the assessed activity depending on the elasticity of demand. It is productive from a policy standpoint to discourage activities which have a negative impact on the wildlife protected by the program. At the very least it is sensible and fair to assess fees on those activities first so that we can use those funds to mitigate the damage incurred, or "internalize externalities."

In assessing these funding alternatives one can list some in the general order of impact on the habitat and species that we seek to protect.

1) Severance Tax & Claim Renewal Fee - $120 + $30 = $150 million

A) The Report of the FWS indicates that if minerals produced from public domain lands had been taxed at the same level as production from other land then $120 million would have been raised in 1980 alone. The report notes that this undertaxation of minerals from federal land fails to internalize the external effects of mining (such as erosion, pollution and habitat destruction) and that a tax would actually improve economic efficiency of the marketplace.

B) The Report that notes annual affidavits must be filed each year with the BLM in order to preserve claims on hardrock minerals on public land. These affidavits must show that the claimant has performed $100 worth of work completed in that year. In 1980 the 1,206,678 unpatented claims of record would have resulted in $30.2 million if the fee were $25 per claim. So as not to increase the impact on smaller operators the fee could be made deductible from the $100 minimum. (pp. 32-34)

These are consistent with increases in royalties from coal produced from federal lands, for example, that are expected to generate much of the expected increase of $58.4 million in FY87.

2) Fee or Tax for Development on Federal Land

A) Although seabed mining is in the preparation and exploration phase now, non-game and other wildlife programs, particularly for marine wildlife, could be funded in part by royalty payments like the 16.7% imposed on OCS oil and gas production. The Deep Seabed Hard Mineral Resources Act of 1980 imposed a tax on the removal of hard mineral resources and established a revenue sharing trust fund. If the Law of the Sea Convention is not ratified, this fund will become available in 1990 for uses other than the contributions to an international fund envisioned in that Treaty. Not yet triggered, it remains likely to generate millions once extraction begins.

B) Half of the United States' downhill ski areas are located on Forest Service land. These ski resorts now pay a gross revenue fee of 2.5 to 3.5%. Increasing the fee to 4.5% could generate additional revenue of $3 million per year.

C) The Forest Service and the BLM have recently collected rents of only 4-6% of the Fair Market Value of the land used by utility rights of way. That is a fairly low return to equity. Doubling that rate would provide an additional $2 million. Recent reviews by those Services may indicate other alternatives to this rental rate.

3) Fees for Other Consumptive Uses (Goods)
or Services from Federal Land

The House and Senate have each taken action in recent years to assess visitor fees on refuges through the Emergency Wetlands Resouces Act of 1985 (H.R. 1203 and S. 740) for the purpose of funding further acquisition of refuge lands.

We are reluctant to charge taxpayers for the privilege of simply visiting refuges that they already pay to maintain. However, by assessing or raising fees on activities that have a substantial impact on refuges and other public lands, substantial funds could be raised for nongame programs including land acquisition. If a $2 per day fee per visitor could raise over $100 million not counting BLM and TVA lands, as the FWS nongame report indicates, then a substantial amount could be raised by assessing all higher impact uses from oil and gas extraction to off-road vehicles (to the extent allowed at all), to overnight campers according to their estimated impact on the refuge, sanctuary, or other land.

Therefore, the Secretary of Interior should be instructed to develop a fee schedule designed to raise $100 million and assessed in proportion to estimated environmental impact of the various activities (without reducing current mitigation requirements), to report that schedule to Congress within four months and to implement that schedule beginning one year after it is reported to Congress. That would provide time for Congress to review and revise the schedule, if necessary.

4) Excise Taxes and Semi-Postal Stamps

We believe that these means should also be investigated thoroughly but recognize that a number of procedural and political roadblocks may make them difficult. In principle, excise taxes should begin with off-road vehicles and other items that actually have a negative impact on wildlife.

Semi-postals have been quite successful overseas and would provide a rewarding and voluntary opportunity to contribute to conservation. They might eventually suffer from competition as did the state check-offs (see attached materials). They would result in 40 to 50 million dollars netted for nongame work.

Defenders
OF WILDLIFE

FISH AND WILDLIFE SERVICE
NONGAME FISH AND WILDLIFE CONSERVATION

Funding Request:

Defenders is asking Congress to appropriate **$1.5 million** in FY87 to implement the "Nongame Migratory Bird Management Plan for the United States", drafted by the FWS in 1983, but **never** released for public comment, revised nor implemented. This request constitutes a $1 million increase over the current budget request for nongame activities being conducted by the Office of Migratory Bird Management (Wash, DC) and the Patuxent Wildlife Research Center (Laurel, MD).

The $1 million increase -- in line with the "Nongame Migratory Bird Management Plan" recommendations -- should be earmarked for:

1) **hiring one full-time equivalent (FTE) nongame migratory bird biologist in each of the Service's 7 regions,**

2) **help each state develop and implement a conservation management plan which will, among other things:**

   a) **census and survey nongame bird populations,**

   b) **identify bird habitat needs,**

   c) **support other research operating requirements at the Office of Migratory Bird Management and the Patuxent Wildlife Research Center, and**

   d) **direct the FWS to conduct a special investigation on:**

      1. **mortality associated with seabirds entangled in commercial fishing gillnets, and**

      2. **survey nongame migratory birds on federal lands as described by the "Plan".**

These programs, if funded, will allow the federal government (Fish and Wildlife Service [FWS]) to implement nongame research and management basically in the following 3 ways:

1) The FWS must **develop, standardize and refine** population survey techniques so that the states can use a common method. This will take a coordinator, preferably the federal government. At present, each state has its own population survey techniques.

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2) Since most birds migrate, effective management means looking at summer and winter habitat, as well as critical migration stopovers (Fig. 1), especially for some shorebirds. From the viewpoint of single states, it is difficult for a state to tell if there is a problem. We need a broader viewpoint which the federal government could provide. For most species, we don't know where specific populations of breeding birds winter. This information is critical and with additional nongame biologists, the FWS could learn more about these birds.

3) A substantial portion of the lands in the West and Alaska are federal (30-40%). We need a management program for nongame birds on these lands and staff to implement it.

BACKGROUND

There are 816 species of migratory birds in the United States, 654 of which are listed as "nongame". Add to this list game species which previously were hunted but currently are not because of low populations (103), totalling 757 birds, and 93% of all federally managed migratory birds are effectively nongame (Fig. 2). Yet the budget for these nongame species is only a fraction of the funds spent on manangement of game birds by the FWS.

Of the nongame birds, the FWS has identified 28 in trouble (Table 1). These are birds which are not as yet candidates for listing under the Endangered Species Act, but soon could be. These species have been declining for a number of reasons, including human disturbance, loss of habitat, heavy metal contamination, effects of pesticides, acid precipitation problems, and other impacts. **It is important to see that declining species are identified before they reach critical stages, and to provide ecological information necessary to respond effectively.** This the $1.5 million would effectively do.

CASE STUDIES

Let's look at 3 birds of the 28 listed by the FWS in trouble.

Common Loon: Massachusetts, Vermont and Wisconsin, among others, are important states where the common loon breeds. Large numbers of these birds winter in Louisiana and North Carolina. An increasing number of biologists feel their populations are declining, but we simply **don't** know for sure. We need a standardized census technique to determine their status, but each state is now using a different method. Each FWS nongame biologist would therefore work with representatives from each state within his/her region to implement a standardized census technique.

On loon breeding grounds, human disturbance and heavy metal contamination (mercury poisoning) are serious problems, and acid precipitation has been implicated since it kills fish, food fc loons. As biologists study loon populations, these problems would be further assessed and specific recommendations made regarding loon management.

Also, where some breeding populations of loons overwinter is unknown. The nongame biologists would gather this information, where available, from biologists working in Central and South America, sharing it with the states.

Least Tern: Several of the subspecies of least tern have recently been listed as endangered. Several others are in trouble but not yet ready for listing. Interior populations of these birds in trouble breed in Arkansas, Louisiana, Missouri and Tennessee, but the populations are mobile, moving around from year to year. Since it is difficult from studies done at the state level to determine if a population is in trouble, particularly since terns overwinter in Latin America, the FWS would conduct studies on this species.

Osprey: The osprey is a raptor which breeds in Wisconsin, New Hampshire, North Carolina, Louisiana and elsewhere whose densities are low, and it overwinters in Latin America. It is thus hard to census. Data at the state level usually are inadequate. Since it is high on the food chain, the osprey is a good barometer of food problems particularly related to the biological magnification of pesticides. Eating fish, the osprey's main food, tends to concentrate pesticides in its tissues. FWS nongame biologists would monitor osprey populations and assess declines related to habitat loss and pesticide contamination, and make pertinent management recommendations.

As birds migrate, they may encounter problems anywhere along their migratory routes. The states can deal with problems within their boundaries, but not on a nationwide basis. This is where the FWS would play a key role, analyzing data gathered nationwide.

Bird censusing can be cooperatively conducted both by the state and federal government, and it classically has been inexpensive to conduct and very cost effective. The Service can also rely on considerable volunteer help, but the data collected needs nationwide statistical analysis. Following data analysis, the FWS, thus, can then show which bird populations are declining and recommend mitigating measures to halt further declines.

Defenders contact: Dr. Albert Manville
Wildlife Biologist
(202) 659-9510

Table 1. State-by-state look at how much was checked off for wildlife on 1983 and 1984 state income tax forms.

Revenue Increase from
1983 - 1984

State	1983	1984	%Increase
AR	$ 27,670	$37,469	+35%
CA	479,382	767,326	+60%
IN	261,812	281,353	+ 7%
ME	115,794	120,838	+ 4%
MA	279,963	381,000	+36%
MI	267,863	466,794	+74%
OH	486,345	501,542	+ 3%
VA	447,016	455,938	+ 2%

Total '84 Income = $3,012,260

Total Net Capital Gains ('83-'84) = $646,415

Revenue Decrease from
1983 - 1984

State	1983	1984	%Decrease
AL	$ 56,796	$ 49,796	-12%
AZ	245,027	194,261	-21%
CO	458,758	397,534	-13%
DE	84,747	52,420	-38%
ID	92,843	78,451	-16%
IL	259,972	209,875	-19%
IO	224,478	129,464	-42%
KS	130,435	100,685	-23%
KY	90,755	85,438	- 6%
LA	64,467	62,344	- 3%
MT	35,427	16,506	-53%
NE	134,137	no checkoff	-100%
NJ	432,679	376,691	-13%
NM	288,900	226,000	-22%
NY	1,723,871	1,360,079	-21%
OK	180,000	155,593	-14%
OR	247,143	210,395	-15%
SC	163,190	133,826	-18%
UT	174,424	79,240	-55%
WY	99,364	75,191	-24%

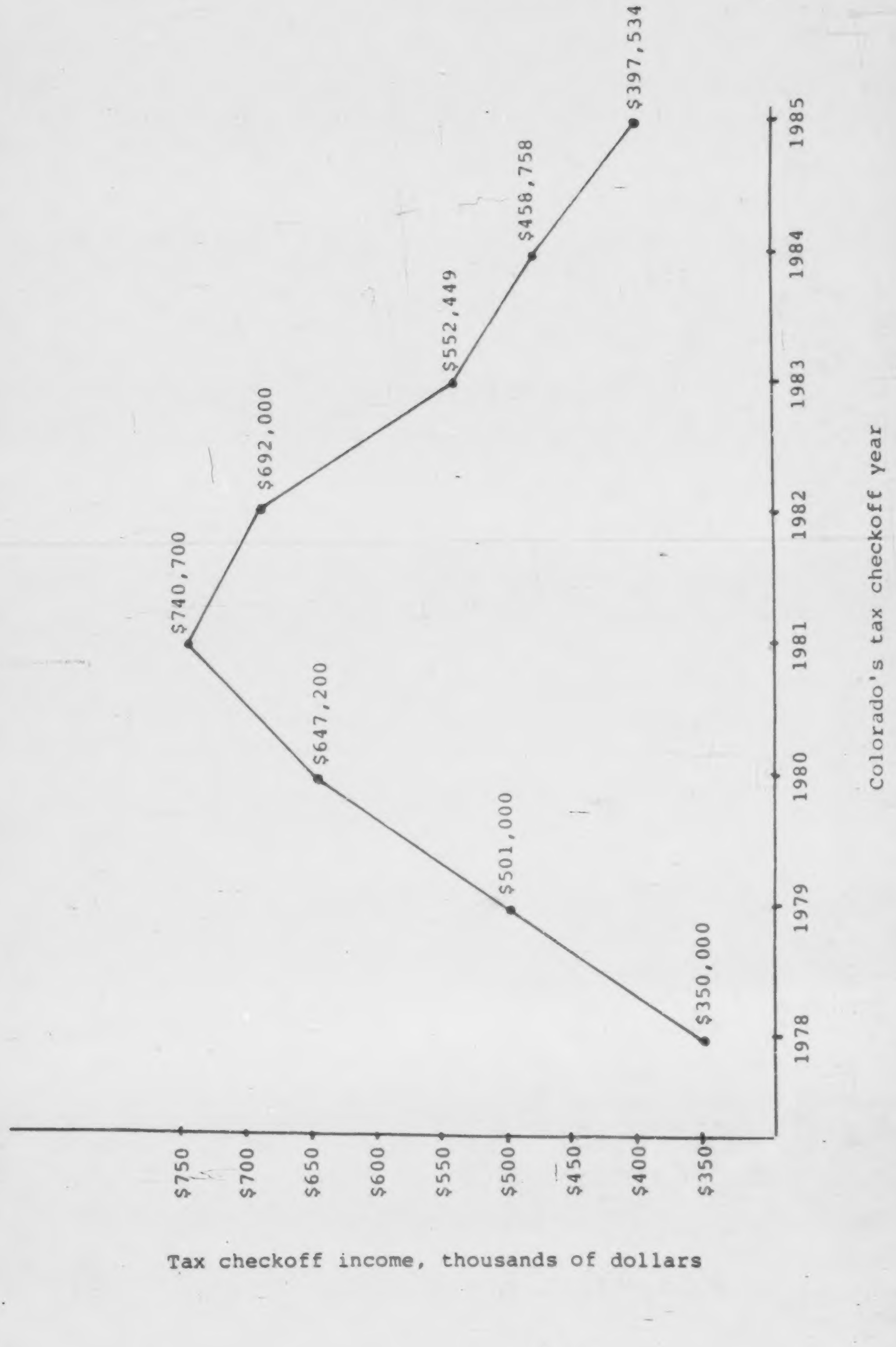
Total 84 Income = $3,993,789

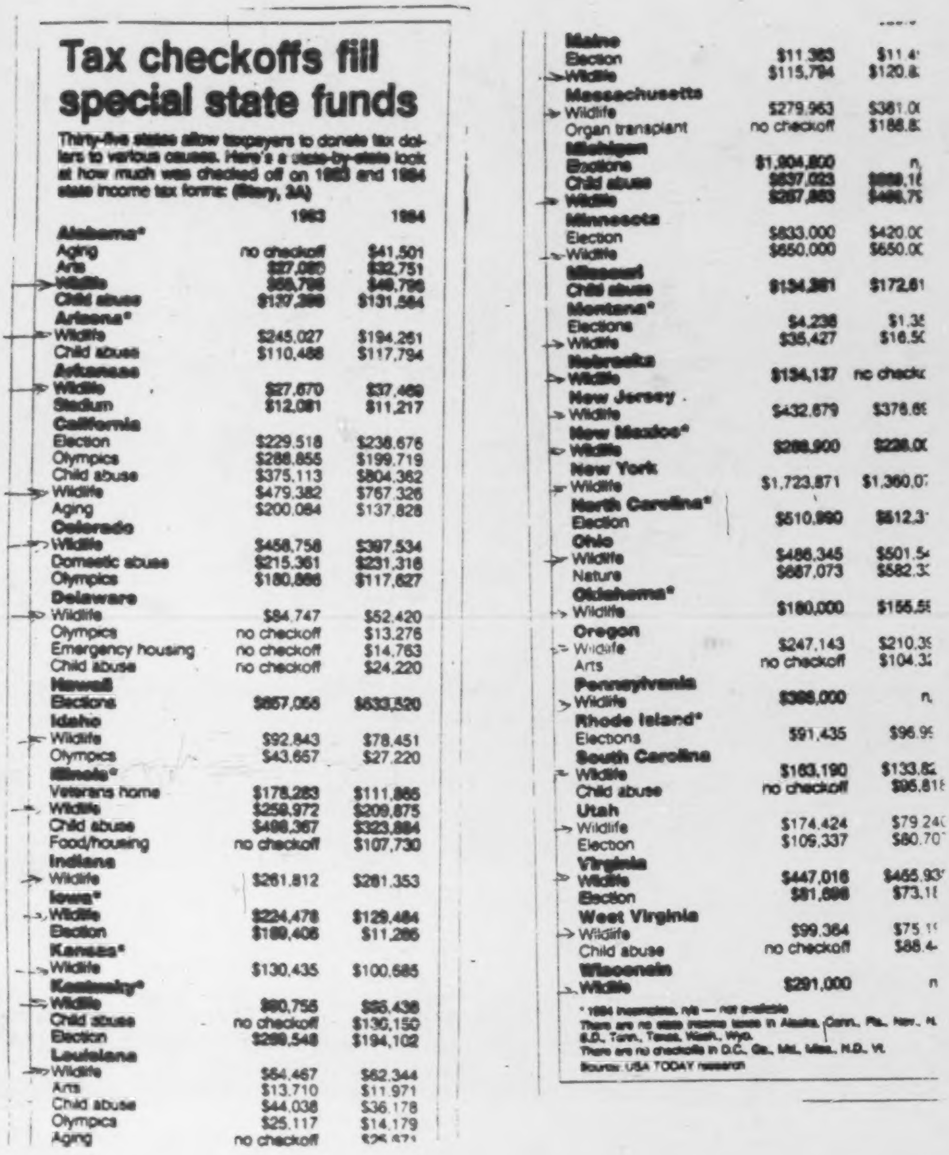
Grand Total Income for '84 = $7,006,049 (28 states)

Net Capital Loss = $1,193,624

Total Net Capital Loss '83-'84 = $547,209

*1984 revenues for PA and WI not available; 1983 and 84 revenues for MN identical. No state income taxes for AK, CT, FL, NV, NH, SD, TN, TX, WA & WY. No checkoffs in DC, GA, MD, MS, ND and VT.


Tax checkoff income, thousands of dollars
$750
$700
$650
$600
$550
$500
$450
$400
$350
Colorado's tax checkoff year
1978
1979
1980
1981
1982
1983
1984
1985
$350,000
$501,000
$647,200
$740,700
$692,000
$552,449
$458,758
$397,534



Tax checkoffs fill special state funds

Thirty-five states allow taxpayers to donate tax dollars to various causes. Here's a state-by-state look at how much was checked off on 1983 and 1984 state income tax forms: (Story, 3A)

	1983	1984
Alabama*		
Aging	no checkoff	$41,501
Arts	$27,080	$32,751
Wildlife	$58,798	$48,796
Child abuse	$137,298	$131,584
Arizona*		
Wildlife	$245,027	$194,261
Child abuse	$110,488	$117,794
Arkansas		
Wildlife	$27,670	$37,469
Stadium	$12,081	$11,217
California		
Election	$229,518	$238,676
Olympics	$288,855	$199,719
Child abuse	$375,113	$804,362
Wildlife	$479,382	$767,326
Aging	$200,084	$137,828
Colorado		
Wildlife	$458,758	$397,534
Domestic abuse	$215,361	$231,318
Olympics	$180,888	$117,627
Delaware		
Wildlife	$84,747	$52,420
Olympics	no checkoff	$13,276
Emergency housing	no checkoff	$14,763
Child abuse	no checkoff	$24,220
Hawaii		
Elections	$857,058	$633,520
Idaho		
Wildlife	$92,843	$78,451
Olympics	$43,657	$27,220
Illinois*		
Veterans home	$178,283	$111,866
Wildlife	$258,972	$209,875
Child abuse	$498,367	$323,884
Food/housing	no checkoff	$107,730
Indiana		
Wildlife	$261,812	$281,353
Iowa*		
Wildlife	$224,478	$129,484
Election	$189,406	$11,286
Kansas*		
Wildlife	$130,435	$100,685
Kentucky*		
Wildlife	$80,756	$55,436
Child abuse	no checkoff	$130,150
Election	$289,548	$194,102
Louisiana		
Wildlife	$64,467	$62,344
Arts	$13,710	$11,971
Child abuse	$44,038	$36,178
Olympics	$25,117	$14,179
Aging	no checkoff	$25,871
Maine		
Election	$11,383	$11.4
Wildlife	$115,794	$120.8
Massachusetts		
Wildlife	$279,963	$381.0
Organ transplant	no checkoff	$188.8
Michigan		
Elections	$1,904,800	n
Child abuse	$837,023	$888,1
Wildlife	$287,883	$488,7
Minnesota		
Election	$833,000	$420.0
Wildlife	$650,000	$650.0
Missouri		
Child abuse	$134,381	$172,81
Montana*		
Elections	$4,238	$1.3
Wildlife	$35,427	$16.5
Nebraska		
Wildlife	$134,137	no checko
New Jersey		
Wildlife	$432,679	$376.6
New Mexico*		
Wildlife	$288,900	$228.0
New York		
Wildlife	$1,723,871	$1,360.0
North Carolina*		
Election	$510,990	$512,3
Ohio		
Wildlife	$486,345	$501.5
Nature	$687,073	$582.3
Oklahoma*		
Wildlife	$180,000	$155.5
Oregon		
Wildlife	$247,143	$210.3
Arts	no checkoff	$104.3
Pennsylvania		
Wildlife	$388,000	n
Rhode Island*		
Elections	$91,435	$96.9
South Carolina		
Wildlife	$163,190	$133,8
Child abuse	no checkoff	$96,81
Utah		
Wildlife	$174,424	$79 24
Election	$109,337	$80.70
Virginia		
Wildlife	$447,016	$465,93
Election	$81,898	$73,1
West Virginia		
Wildlife	$99,364	$75 1
Child abuse	no checkoff	$88.4
Wisconsin		
Wildlife	$291,000	n

* 1984 incomplete, n/a — not available

There are no state income taxes in Alaska, Conn., Fla., Nev., N.
S.D., Tenn., Texas, Wash., Wyo.

There are no checkoffs in D.C., Ga., Md., Miss., N.D., Vt.

Source: USA TODAY research

USA TODAY

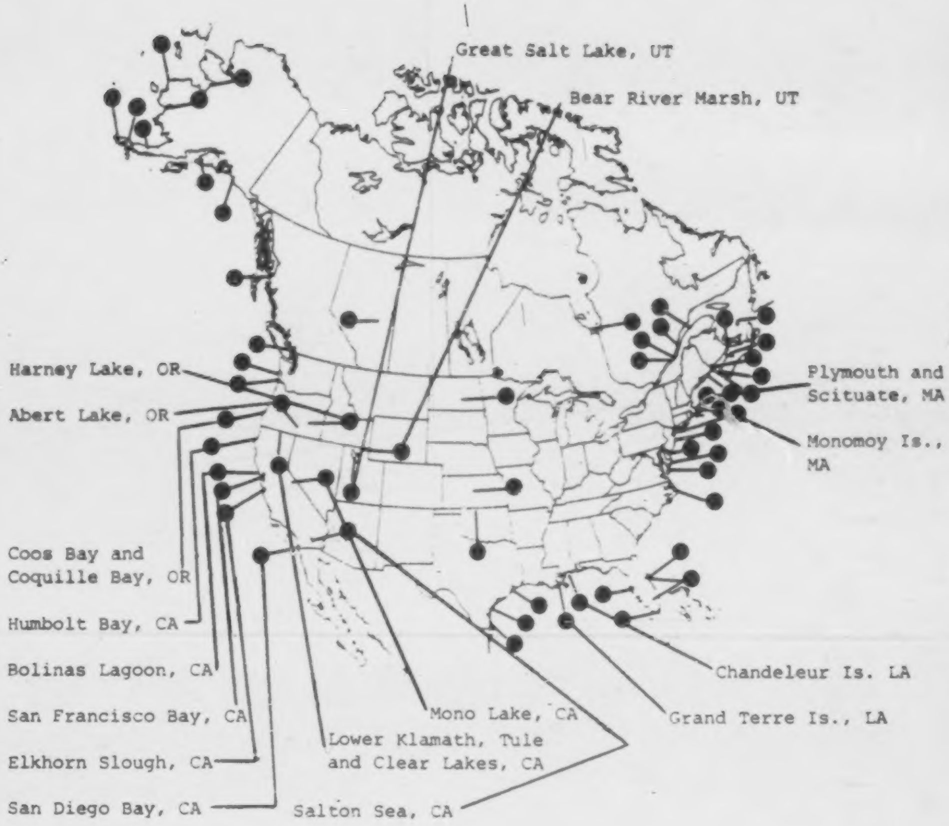

Great Salt Lake, UT
Bear River Marsh, UT
Harney Lake, OR
Abert Lake, OR
Plymouth and Scituate, MA
Monomoy Is., MA
Coos Bay and Coquille Bay, OR
Humbolt Bay, CA
Bolinas Lagoon, CA
San Francisco Bay, CA
Elkhorn Slough, CA
San Diego Bay, CA
Salton Sea, CA
Lower Klamath, Tule and Clear Lakes, CA
Mono Lake, CA
Grand Terre Is., LA
Chandeleur Is. LA

Fig. 1. Some important and traditional stopover sites for migrating shorebirds in North America. Each of these sites illustrated is believed to support 20,000 or more shorebirds of all species combined during peak migration periods (after S. E. Senner and M. A. Howe. 1984. Conservation of Neararctic shorebirds. In J. Burger and B. L. Olla (eds.). Shorebirds: Breeding Behavior and Populations, Plenum Publ. Corp., pp 379-421).

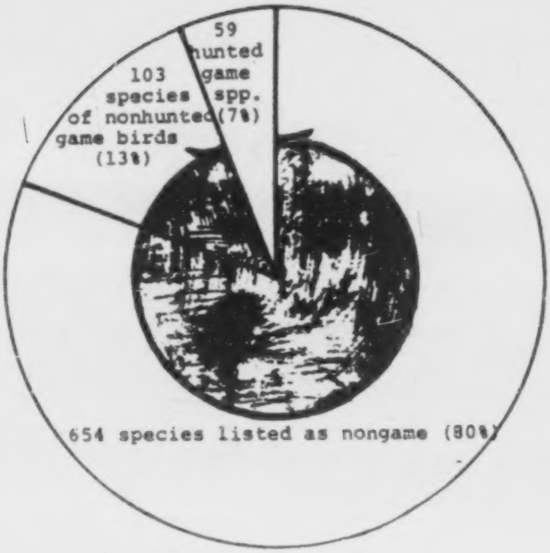


Fig. 2. Status of 816 species of North American migratory birds: 654 (80%) are nongame species, 103 (13%) are nonhunted game species, and 59 (7%) are hunted game species. Ninety-three (93) percent of the federally protected migratory birds are effectively nongame.

Table 1. Some examples of nongame migratory bird species of concern, showing significant population declines, and/or on state lists for endangered, threatened, or rare classification.

ARKANSAS

least tern
least bittern
barn owl
loggerhead shrike
Bachman's sparrow

CALIFORNIA

common loon
least bittern
white-faced ibis
northern harrier
black rail
snowy plover
gull-billed tern
least tern
spotted owl
loggerhead shrike
Bell's vireo

CONNECTICUT

least tern
common tern
northern harrier
black-crowned night heron
American bittern
roseate tern
24 species of songbirds

IDAHO

common loon
American white pelican
black-crowned night heron
snowy egret
double-crested cormorant
great blue heron
Swainson's hawk
ferruginous hawk
merlin
long-billed curlew
upland sandpiper
caspian tern
sage thrasher
western bluebird
trumpeter swan

LOUISIANA

common loon
least tern
osprey
reddish egret
wood stork

MASSACHUSETTS

common loon
upland sandpiper
24 species of songbirds

MISSISSIPPI

red-shouldered hawk
least tern
loggerhead shrike
Bachman's sparrow

MISSOURI

least tern
red-shouldered hawk
northern harrier
black rail
upland sandpiper
barn owl
loggerhead shrike
Henslow's sparrow
Bachman's sparrow

NEW HAMPSHIRE

common loon
osprey
northern harrier
American bittern
red-shouldered hawk
upland sandpiper
roseate tern
24 species of songbirds

NEW MEXICO

least tern
American bittern
white-faced ibis
ferruginous hawk
least tern
Bell's vireo
Baird's sparrow

OREGON

snowy plover
ferruginous hawk
long-billed curlew
upland sandpiper

SOUTH CAROLINA

red-shouldered hawk
least tern
Bachman's sparrow

UTAH

ferruginous hawk
Bell's vireo

VERMONT

common loon
northern harrier
American bittern
piping plover
upland sandpiper
24 species of songbirds

WISCONSIN

common loon
osprey
red-shouldered hawk
northern harrier
piping plover
upland sandpiper
black tern
barn owl
loggerhead shrike

WEST VIRGINIA

Bachman's sparrow

Source: M. Shaffer. Jly 1982. Nongame Migratory Bird Species with Unstable or Decreasing Population Trends in the United States. OMBM and Patuxent WRC rept., USFWS. 8 pp.

Wildlife Management Institute
Dedicated to Wildlife Since 1911
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Washington, D.C. 20005
202/371-1808

Statement of Lonnie L. Williamson
before the
Senate Committee on Environment and Public Works
on
FY 1987 Budget for U.S. Fish and Wildlife Service

February 21, 1986

Mr. Chairman:

I am Lonnie L. Williamson, secretary/treasurer of the Wildlife Management Institute. Initiated in 1911, the Institute's program is dedicated solely to wildlife restoration and enhancement.

It appears to us that the basic tenet of the FY 1987 budget proposal for the U.S. Fish and Wildlife Service is to shift resource management costs to states and individual recreationists. That change in practice eventually would unravel the cooperative state-federal-private approach to wildlife management that has been woven during the greater part of this century. We trust that Congress will prevent the loss of this successful system on which the nation's wildlife depends.

What should be one of the Service's strongest pursuits, wetland protection, actually is a very weak segment in the 1987 budget. Acquisition under the Land and Water Conservation Fund is all but eliminated, and no advance is requested under the Wetland Loan Act. The only significant funds would come from duck stamp receipts, including a $2.50 increase in the price of that stamp.

The Service, which is responsible under treaty law for migratory bird habitat protection, is in the embarrassing position of slighting its wetland protection responsibility while leaning on waterfowl hunters to carry an additional burden. In our experience, sportsmen are not opposed to a $2.50 increase or more in the duck stamp price. However, they are not the least bit interested in paying more of these special fees so that the federal government may duck its duty. Wetlands are being destroyed by agriculture, industry, highways, shopping centers, subdivisions and other elements of modern society. It is short-sighted to think that 2 million waterfowl hunters can finance an adequate program to curtail that destruction.

Through numerous hearings, this committee has documented the serious need for wetland conservation not only for migratory birds, but for the broad public interest. We hope that Congress will allow the Service to fulfill its responsibilities for wetland protection by approving continued funding under the LWCF and Wetland Loan Act.

The Service's 50-year partnership with state wildlife agencies under the Federal Aid in Wildlife Restoration Act is threatened by the 1987 budget proposal. Half of the Service personnel now responsible for administering both the Pittman-Robertson and Dingell-Johnson programs would be removed. The reported justification for this move is that administrative funds would be redirected from the Service to state agencies, and that the programs are "mature" and do not need federal oversight as they did years ago. Neither excuse is valid in our view.

The Federal Aid programs are tremendously successful not because the special taxes paid by sportsmen are gathered each year by the federal government and dumped on state wildlife agencies willy-nilly to be spent on someone's whim. They are successful because each project funded must be justified to Service personnel as substantial and beneficial to fish or wildlife. They are successful because the Acts require state governments to invest fishing and hunting license receipts in fish and wildlife conservation programs or become ineligible for P-R and D-J matching funds. And they are successful because Service regulations require state projects to be conducted by trained and capable people.

Without adequate federal oversight, many state fish and wildlife agencies again could be subject to the loss of license fee receipts, useless pet projects foisted on them by special interests, and unqualified personnel resulting from political appointments. Thus, we are strongly opposed to the massive reduction in personnel that the Administration has requested for the P-R and D-J programs.

The only significant problem that we see with the Federal Aid programs is in the Internal Revenue Service, not the Fish and Wildlife Service. IRS simply does not do a good job of monitoring and reporting the excise tax receipts on which those programs depend. You will note that allocations under the P-R program rose dramatically in FY 1986 but fell similarly for FY 1987. This does not reflect a drastic change in arms and ammunition sales, but a glitch in the IRS reporting system. Money that should have been allocated in 1985 apparently was held until 1986. A similar situation occurred in 1980-81. These roller-coaster allocations make it diffcult for states to plan their budgets and have matching funds available for participating in P-R. Instead of trying to divest itself of the program, perhaps the Service should use some of the Federal Aid Administrative funds to pay the salary of an IRS employee who would monitor the tax receipts closely and report them accurately. In any event, the General Accounting Office currently is reviewing the adequacy of IRS's monitoring and reporting procedures to learn, among other things, if all domestic manufacturers and importers are paying the excise tax.

We are opposed to the national wildlife refuge entry fee as proposed by the 1987 budget. The estimated $8 million in receipts would be divided among wetland acquisition (40%), refuge operation and maintenance (40%) and the general treasury (20%). We have no objection to the fee per se, but we believe that all the receipts should be invested in wetland acquisition which is the most wanting need in the Fish and Wildlife Service. Certain aspects of refuge O&M can be curtailed without ill effects on the resource. But with wetland losses proceeding at the current pace, an emergency acquisition program is necessary. Furthermore, we see no logic in any of the entry fees going to the general treasury. A much sounder argument can be made for a flow of funds in the other direction.

Grants to states under the Endangered Species Act are not included in the Service's 1987 budget. Again, the Administration is avoiding a long-standing partnership. The federal government took away state wildlife agency authority for endangered species in the 1973 Act. In return it offered the grant program whereby states would perform local, detailed management activities that the Fish and Wildlife Service cannot handle. If we are serious about restoring endangered species rather than just listing them, this grant program should continue.

Another cooperative program eliminated by the Service's 1987 budget is the Southeastern Cooperative Wildlife Disease Study. This unit operates nationwide on private and public land, dealing with disease problems that affect wildlife, domestic livestock and poultry. It is a unique program for which no alternative is available. It is financed cooperatively by state wildlife agencies, the Service and the U.S. Department of Agriculture. The Service's continued participation is vital to the SCWDS effort and we urge that it be continued.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Agency for Toxic Substances
and Disease Registry
Atlanta GA 30333

STATEMENT FOR THE RECORD

BY

JAMES O. MASON, M.D., Dr.P.H.

ADMINISTRATOR

AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY

PUBLIC HEALTH SERVICE

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

ATLANTA, GEORGIA

FOR THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

UNITED STATES SENATE

FEBRUARY 20, 1986

Mr. Chairman:

This is in response to your February 10, 1986, letter requesting ATSDR to provide written testimony on the President's budget request for the Agency for fiscal year 1987. As requested by staff, we are submitting background information similar to that requested by the Committee in previous years.

The FY 1987 funding request from the Department of Health and Human Services (HHS) to the Environmental Protection Agency (EPA) was for $39,780,000 for ATSDR core activities. The request was presented in five categories: scientific support, emergency response, ongoing health studies, worker safety and health, and toxicology data bases. As in previous years, this amount did not include funding for site(s) specific health studies, nor for exposure or disease registries. Such studies and registries would be funded individually by separate interagency agreements.

EPA recommended that HHS have a funding level of $21,698,000 for FY 1987 in their submission to the Office of Management and Budget (OMB). We have attached copies of ATSDR's original budget submission to EPA and appeal letters to both Mr. Jack McGraw, Acting Assistant Administrator for Solid Waste and Emergency Response, and Mr. Lee Thomas, Administrator.* The President's FY 1987 budget for Superfund was not developed in any detail. Consequently, ATSDR does not have an official request level. For presentation purposes, all agencies receiving Superfund allocations were assumed to receive a current services level based on the President's FY 1986 budget in addition to unobligated balances. However, this level does not represent a policy determination. EPA will hold further budget discussions with us following further Congressional action on reauthorization.

The background information you requested is being simultaneously submitted to you.

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*Retained in committee files.

REQUEST SUMMARY

Department of Health and Humans Services
Agency for Toxic Substances and Disease Registry
FY 1987 Superfund Budget Request Analysis
(Dollars in Thousands)

	FY 1985		FY 1986		FY 1987 REQUEST					
	Operational Plan		President's Budget		**Current Level		Intermediate Level		Request Level	
	FTE	$	FTE	$	FTE	$	FTE	$	FTE	$
Scientific Support	50	2,782	62	2,628	62	2,739	67	6,714	68	8,439
Emergency Response	4	661	4	661	4	689	4	510	6	1,338
Ongong Health Studies and Assessments	27	4,791	27	4,791	27	4,992	41	8,312	60	15,355
Worker Safety & Health	8	1,021	8	840	8	875	10	1,800	12	2,100
Toxicology Data Bases	0	5,700	0	5,700	0	5,939	10	12,233	10	12,548
TOTAL	89	14,955*	101	14,620	101	15,234	132	29,569	156	39,780

*Includes $335,000 carryover from FY 1984.

**These level requirements may by necessity change due to the terms of the CERCLA reauthorization or requests made by the lea
agency consistent with Superfund program policy.

CLASS SUMMARY
DHHS/ATSDR
FY 1987 Superfund Budget Request
(Dollars in Thousands)

Activity: All on-going CERCLA ACTIVITIES

Object Class	Title	FY 1985 Operational Plan	FY 1986 President's Budget	FY 1987 Current Level	FY 1987 Intermediate Level	FY 1987 Request Level
11	Personnel Compensation	$ 4,584	$ 4,484	$ 4,673	$ 8,227	$10,228
12	Personnel Benefits	693	625	651	1,115	1,465
13	Benefits for Former Personnel	0	0	0	0	0
21	Travel and Transportation of Persons	719	712	742	1,632	1,790
22	Transportation of Things	4	3	3	132	276
23	Rent, Communication and Utilities	2	2	2	138	140
	SLUG		0	0	0	0
24	Printing and Reproduction	50	10	11	62	80
25	Other Services	773	720	750	488	660
	Project Contracts	5,482	5,482	5,712	12,544	17,924
26	Supplies and Materials	342	320	333	660	789
31	Equipment	286	262	273	814	1,071
41	Grants	2,020	2,000	2,084	3,757	5,357
	TOTAL	$14,955	$14,620	$15,234	$29,569	$39,780

Summary of FY 1987 HHS Superfund Budget Appeal

(Dollars in thousands)

DECISION UNIT	1987 HHS Request Dollars	1987 EPA Allow Dollars	1987 HHS Appeal Dollars
1. Scientific Support			
a. Health Assessments/Test Reviews	6,714	4,500	2,214
b. Training	480	250	230
c. State Cooperative Agreements	1,245	750	495
Subtotal	8,439	5,500	2,939
2. Emergency Response			
a. Health Consultation	510	510	0
b. Training	828	414	414
Subtotal	1,338	924	414
3. Health Surveys and Health Investigation Guidelines			
a. Guidelines for Laboratory Testing and Epidemiologic Studies	1,923	1,923	0
b. Site Specific Protocols	970	970	0
c. Pilot Investigations	252	252	0
d. Birth Defect Studies	4,867	2,600	2,267
e. Sentinel Surveillance	2,018	1,381	637
f. Radon Study	1,284	0	1,284
g. Immune Study	357	0	357
h. DNA	684	0	684
i. Residential Exposure	2,400	0	2,400
j. Domestic Animal Study	600	0	600
Subtotal	15,355	7,126	8,229

DECISION UNIT	1987 HHS Request Dollars	1987 EPA Allow Dollars	1987 HHS Appeal Dollars
4. Worker Safety and Health			
a. Technical Assistance	1,020	500	520
b. Worker Protection/Equip.	540	200	340
c. Worker Protection Guidelines	240	240	0
d. Training	300	0	300
Subtotal	2.100	940	1,160
5. Toxicology Data Bases			
a. Data Files	1,738	873	865
b. HWIES	105	25	80
c. Field Access	625	310	315
d. Testing of Chemicals	10,080	6,000	4,080
Subtotal	12,548	7,208	5,340
Total	39,780	21,698	18,082

APPALACHIAN REGIONAL COMMISSION

OFFICE OF THE
FEDERAL CO-CHAIRMAN
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235
202/673-7856

February 12, 1986

Senator Robert T. Stafford
Chairman
Committee on Environment
and Public Works
United States Senate
Washington, D.C. 20510

Dear Senator Stafford:

In response to the questions contained in your letter of January 28, 1986 concerning the impact of the President's FY 1987 budget request on the Appalachian Regional Commission, the following is provided:

1Q. Please discuss the effect of proposed sequestrations of FY 86 funds on the Appalachian Regional Commission programs. Will agency staff levels be reduced and what projects will be affected or terminated as a result?

A. The proposed sequestrations would result in a $5.16 million reduction in the Commission's FY 1986 program appropriation with $3.655 million taken from the highway program and $1.505 million from the area development program. An additional $95,000 would be taken from salaries and expenses; however, agency staff levels will not be affected by this reduction in administrative costs.

2Q. Please discuss in detail the budget request for fiscal year 1987. How do these figures compare to the amounts actually appropriated in FY 86 and with levels of funding if the proposed sequester takes effect?

A. The Administration proposes to terminate the Commission as of September 30, 1986 and, therefore, has requested no funds for it in the FY 1987 budget.

Actual appropriations in FY 1986 totalled $122.2 million. The proposed sequestration would reduce this figure to just under $117.0 million ($116,945,000) and the proposed rescission would further reduce it to approximately $36.0 million ($35,945,000).

3Q. Please discuss the rationale for the increases or decreases in the level of funding for fiscal year 1987. In areas where programs are increased, indicate whether these increases are tied to new agency initiatives or reflect increases in ongoing programs. Specify what the additional funds will provide. In the programs where reductions have been made, what specific areas of the program will be reduced or eliminated and what will be the effect of these reductions on operation of the program. What changes are made in program priorities?

A. The Administration's rationale for requesting termination of the Commission and, hence no funds for FY 1987, is based on our belief that:

(A) the Commission is no longer needed. It has completed most of its original mission, the economic decline of the 1960's has been reversed, the Appalachian Region has caught up with much of the Nation and it can now compete in the national economic mainstream;

(B) the cost of state and local economic development projects should be borne either by private investors or by the state and local taxpayers as they can best detemine whether the projects are needed; and

(C) the intent of the law creating ARC in 1965 was that the program would be temporary.

The termination of the program will preclude the funding of further economic development projects in Appalachia and approximately 320 miles of the planned highway system.

4Q. What personnel increases or decreases are being proposed? How will this affect the agency's ability, including any additional time it will take, to carry out its program responsibilities?

A. Since it is the Administration's plan to terminate ARC at the close of FY 1986, no funds for salary expenses have been requested for FY 1987. Therefore, present staff of ARC would be terminated with the closedown of the Agency. The number of staff so effected would be six in the Federal Office and 62 in the Commission.

5Q. Please indicate if any legislative initiatives are necessary, or are being considered, to implement any part of the agency's fiscal year 1987 budget request. If so, please describe these proposals and specify the budgetary impact of each provision.

A. As stated earlier, the President has proposed terminating the Appalachian Regional Commission as of the end of FY 1986. Thus no legislative initiatives are being considered. If the President's proposal is followed, the budgetary savings will be over $200.0 million between the proposed FY 1986 rescission and a continuation of ARC into FY 1987 at the original FY 1986 funding level.

Sincerely,

WINIFRED A. PIZZANO
Federal Co-Chairman

APPALACHIAN REGIONAL COMMISSION

1987 Budget Issues

1. General

   A. The Administration has provided no funds in the Budget for the Commission or its highway or non-highway programs. It is also proposing to rescind $81 million of the $122.2 million appropriated for the 1986 program.

   B. The Appalachian Governors are again proposing a 1987 Budget for ARC and its programs at the level contemplated in the finish-up program adopted by the Governors in 1981 and within authorization provided under HR-10 as it passed the House last session.

   C. Sequestration would remove $5,255 thousand of 1986 B.A.

2. Highways — Governors propose $234 million, as as their 1987 request, the same amount requested for 1986. Authorizations included in HR-10 which passed the House last session, provide for "such sums as may be necessary". 1986 rescission would be $59.4 million.

3. Non-highways -- Governors propose $75 million for fifth-year of the finish-up plan, reflecting completion of the health finish-up program in 1985. The $75 million is consistent with HR-10 which authorizes "such sums as may be necessary". 1986 rescission would be $21.6 million. President's budget again proposes deferment of $10 million in 1986 to cover administrative closeout costs by Commerce in 1987-89 years, and for six-month initial closeout activities by ARC to March 30, 1987.

4. Salaries and Expenses -- Governors propose $2.2 million, same as 1986 appropriation. HR-10 includes "such sums as may be necessary". No rescissions or deferrals proposed for this account. Since 1982, staff has been reduced 50 percent.

5. Spend Out Rates —

	Highway (percent)	Non-Highway (percent)
Year of Obligation	5	7
+1	25	30
+2	30	30
+3	17	17
+4	13	13
+5	10	3

APPALACHIAN REGIONAL DEVELOPMENT PROGRAM

COMPARATIVE BUDGET DATA
(Millions of Dollars)

Program	1986 Gov. Request	1986 Enacted	1986 with Sequestration and Rescission	Gov. 1987 Request
1. Highways:				
Development Highways	$220.5	$ 94.5	$ 31.75	$220.7
Access Roads	12.0	8.2	7.86	12.0
Administration	1.5	1.3	1.32	1.3
Total Obligations	$234.0	$104.0	$ 40.93	$234.0
Prior year funds used	--	-19.0	-18.98	--
Appropriation	$234.0	$ 85.0	21.95	$234.0
2. Area Development:				
Jobs and Private Investment	$ 54.0	$ 36.7	$ 16.32	$ 54.0
Distressed Counties	15.0	11.5	8.96	15.4
Health Finish-up	--	--	--	--
Administrative costs	1.0	0.8	0.76	0.6
Total projects approved	$ 70.0	$ 49.0	$ 26.04	$ 70.0
Prior year projects obligated	--	6.6	6.64	--
Less savings on projects	--	-7.1	-7.11	--
Obligations	$ 70.0	$ 48.5	$ 25.57	70.0
Prior year funds used	--	-17.0	-17.02	--
Appropriation	$ 70.0	$ 31.5	$ 8.55	$ 70.0
3. LDD and Technical Assistance:				
LDD Support	$ 4.0	$ 3.0	$ 3.00	$ 4.0
Technical Assistance	1.0	1.6	1.45	1.0
Obligations	$ 5.0	$ 4.6	$ 4.45	$ 5.0
Prior year balances used	--	-1.1	-1.10	--
Appropriation	$ 5.0	$ 3.5	$ 3.35	$ 5.0
4. Appropriation Totals	$309.0	$120.0	$ 33.85	$ --
5. Salaries and Expenses:				
Federal Cochairman	$ 0.45	$ 0.45	$ 0.45	$ 0.45
Federal 50 percent sharing Commission Expense	1.85	1.75	1.66	1.75
Total	$ 2.30	$ 2.20	$ 2.11	2.20
6. Grand Total, Appropriation	$311.3	$122.2	$ 35.95	$311.2

February 5, 1986

APPALACHIAN REGIONAL COMMISSION

DETAILS BY PROGRAM

		Amount (thousands)
1.	**Highway Program**	
	Administration's Budget - 1987	$ ---
	Governors' 1987 Request	$ 234,000
	Same as 1986 request. H.R. 10 passed the House in first session, authorizes "such sums as may be necessary" for 1987.	
	1986 Appropriation	85,000
	Sequestration	-3,655
	Rescission Proposal	-59,400
	Appropriation after Sequestration and Rescission	$ 21,945
	Cut would be primarily from Development Highway Corridor program.	
2.	**Area Development Program**	
	Administration's Budget - 1987	$ ---
	Governors' 1987 Request	$ 70,000
	The same amount requested for 1986 Appropriation. HR-10 authorizes "such sums as may be necessary for 1987, for non-highway programs.	
	1986 Appropriation	$ 31,500
	Sequestration	-1,355
	Rescission Proposed	-21,600
	Appropriation after sequestration and rescission	$ 8,545
3.	**LDD Support and Technical Assistance**	
	Administration's Budget - 1987	$ ---
	Governors' 1987 Request	5,000
	Same request as 1986.	
	1986 Appropriation	3,500
	Sequestration	-150
	Rescission proposal	---
	Appropriation after sequestration and rescission	$ 3,350
4.	**Salaries and Expenses**	
	Administration's Budget - 1987	$ ---
	Governors' 1987 Request	2,200
	Same as 1986 appropriation, down from $2.3 million 1986 request. HR-10 authorizes "such sums as may be necessary" for 1987.	
	1986 Appropriations	2,200
	Sequestration	-95
	Rescission proposed	---
	Appropriation after sequestration and rescission	$ 2,105

APPALACHIAN REGIONAL DEVELOPMENT PROGRAMS

IMPACT OF GOVERNORS' FINISH-UP PROGRAM ON BUDGET AUTHORITY AND OUTLAYS IN THE ADMINISTRATION'S PROPOSED 1986 RESCISSION AND SEQUESTRATION

SUMMARY TABLE

(millions of dollars)

I. IMPACT OF THE ADMINISTRATION'S RESCISSION THROUGH 1991:

Fiscal Year	1986 Appropriation		Sequestration		Rescission Effect		President's Budget w/Rescission	
	B.A.	Outlay	B.A.	Outlay	B.A.	Outlay	B.A.	Outlay
1986	122.2	159.2	-5.3	-0.4	-81.0	-4.5	35.9	154.3
1987	--	147.0	--	-1.4	--	-21.3	--	124.3
1988	--	112.0	--	-1.5	--	-24.3	--	86.2
1989	--	65.0	--	-0.9	--	13.8	--	50.3
1990	--	30.0	--	-0.7	--	-10.5	--	12.5
1991	--	11.3	--	-0.4	--	-6.6	--	4.3

II. IMPACT OF GOVERNORS' PROGRAM ON ADMINISTRATION'S REVISED BUDGET:

Fiscal Year	Administration's Revised Program		Governors' 1987 Changes		With Governors' Changes	
	B.A.	Outlay	B.A.	Outlay	B.A.	Outlay
1986	35.9	154.3	--	--	35.9	154.3
1987	--	124.3	+313.2	+25.2	313.2	149.5
1988	--	86.2	--	+82.3	--	168.5
1989	--	50.3	--	+94.0	--	144.3
1990	--	12.5	--	+53.3	--	65.8
1991	--	4.3	--	+40.7	--	45.0
1992	--	--	--	+25.8	--	25.8

COMBINED EFFECT OF GRAMM-RUDMAN-HOLLINGS AND RESCISSION PROPOSAL ON 1986 APPROPRIATIONS

(Thousands of Dollars)

Program	1986 Appropriation	Proposed Sequestration	Program After Sequestration	Proposed Rescission	Program After Rescission
Highways:					
Development Highway	$ 94,457	$ 3,310	$ 91,147	$ -59,400	$ 31,747
Access Roads	8,161	300	7,861	---	7,861
Administration	1,365	45	1,320	---	1,320
Obligations	103,983	3,655	100,328	-59,400	40,928
From prior year balance	-18,983	---	-18,983	---	-18,983
Appropriation	$ 85,000	$ 3,655	$ 81,345	$ 59,400	$ 21,945
Area Development:					
Jobs and Private Investment	$ 36,700	$ 1,175	$ 35,525	$ -19,200	$ 16,325
Distressed Counties	11,500	145	11,355	-2,400	8,955
Health Finish-Up	---	---	---	---	---
Administration	800	35	765	---	765
Subtotal	49,000	1,355	47,645	-21,600	26,045
Less Savings	-7,112	---	-7,112	---	-7,112
Projects in transit	+6,639	---	+6,639	---	+6,639
Net Obligations	48,527	1,355	47,172	-21,600	25,572
From prior year balance	-17,027	---	-17,027	---	-17,027
Appropriation	$ 31,500	$ 1,355	$ 30,145	$ -21,600	$ 8,545
LDD & Technical Assistance:					
LDD Assistance	$ 3,000	$ ---	$ 3,000	$ ---	$ 3,000
Technical Assistance	1,595	150	1,445	---	1,445
Obligations	4,595	150	4,445	---	4,445
From prior year balance	-1,095	---	-1,095	---	-1,095
Appropriation	$ 3,500	$ 150	$ 3,350	$ ---	$ 3,350
Salaries & Expenses:					
Federal Co-Chairman	$ 450	$ ---	$ 450	$ ---	$ 450
Commission Administrative Expenses	1,750	95	1,655	---	1,655
Appropriation	$ 2,200	$ 95	$ 2,105	$ ---	$ 2,105
Grant Total:					
Total obligated, net	$ 159,305	$ 5,255	$154,050	$ -81,000	$ 73,050
From prior year balance	-37,105	---	-37,105	---	-37,105
Total Appropriation	$ 122,200	$ 5,255	$116,945	$ -81,000	$ 35,945

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

February 19, 1986

Honorable Robert T. Stafford
Chairman
Committee on Environment and Public Works
United States Senate
Washington, D. C. 20510

Honorable Lloyd Bentsen
Ranking Minority Member
Committee on Environment and Public Works
United States Senate
Washington, D. C. 20510

Dear Messrs. Stafford and Bentsen:

Thank you for providing me with the opportunity to submit my views to you regarding the FY 1987 appropriations request of the Council on Environmental Quality and the Office of Environmental Quality. I have already provided our budget justification to the Senate Subcommittee on Appropriations for HUD and Independent Agencies. Additional copies are enclosed herewith to provide any supplemental information you need about the specific details of the President's Budget Request for the agency.

I have also attached a copy of my prepared statement to be given before the Senate Appropriations Subcommittee. Answers to your specific questions are provided below:

1. Pursuant to the Balanced Budget and Emergency Deficit Control Act (PL 99-177), $30,000 has been sequestered from the agency budget appropriation of $700,000, effective March 1, 1986. In order to accommodate this reduction in budget authority, the Council/Office has taken several specific actions.

First, the agency reduced its personnel expenditures by detailing 2 employees to other agencies. The part-time environmental program analyst has been assigned to the National Atmospheric and Oceanic Administration to assist with its work under the National Acid Precipitation Assessment Program. CEQ's Administrative Officer is on detail with the Environmental Protection Agency to provide support for its Regulatory Negotiation Project. The Administrative Officer position will be eliminated at the end of FY 1986.

Second, CEQ/OEQ has decreased its Standard Level User's Charge by reducing its office space allocation for the fiscal year. Staff of the National Acid Precipitation Assessment Program will occupy this space.

Third, CEQ/OEQ has installed a new telephone system that saves on charges for equipment and for the Federal Telecommunications System (FTS) lines.

Fourth, CEQ/OEQ has eliminated projected discretionary expenditures for all equipment, some office supplies, and some periodicals.

Finally, the agency has lowered its printing budget for the 16th annual Environmental Quality Report. Consideration is being given to reducing the distribution of free copies to the public and providing instead for sales through the National Technical Information Service or the Government Printing Office. The Report will still be provided without charge to the Congress.

If these measures do not produce the anticipated savings, then further reductions in such areas will be required.

The interagency project managed by CEQ/OEQ to produce a second edition of the Environmental Trends report has been affected indirectly as a result of sequestration of the budgets of other agencies. This project is being financed entirely by interagency contributions of funding and in-kind support. The contract to perform certain tasks has not yet been fully funded due to a lack of response by several participating agencies.

2. OEQ/CEQ is requesting a budget authority of $820,000 for fiscal year 1987. This level of funding is $120,000 (or 17 percent) above the agency appropriation for FY 1986 as originally passed by the Congress, and $150,000 (or 22 percent) more than the amount actually available under the Balanced Budget and Emergency Deficit Control Act (PL 99-177).

The $820,000 request covers estimated resources for the CEQ/OEQ authorized personnel ceiling of 13 FTEs in fiscal year 1987. Currently, the Council/Office is operating at 9.5 FTEs, which includes the Chairman and two Members. The FY 87 request will permit CEQ/OEQ to reach the personnel levels proposed by the President and authorized by the Congress.

3. The additional FY 87 funding is needed by the agency to hire technical and scientific staff members. Four new positions will be created, including a Science Advisor, an environmental data and monitoring specialist, a NEPA specialist to assist the General Counsel, and a support staff position to provide assistance in preparing the annual Environmental Quality Report and discharging agency administrative functions. These are increases in staffing for the ongoing agency programs of Presidential Advisor, NEPA Oversight, and Environmental Data Acquisition and Assessment.

In FY 86, CEQ/OEQ eliminated two administrative positions: the part time position of Executive Officer and the full time position of Administrative Officer.

These actions reflect a change in personnel priorities to increase agency scientific and technical expertise and to eliminate unneeded administrative positions by redistributing duties among the support staff.

4. There is no change in the authorized personnel ceiling of 13 FTEs between FY 1986 and FY 1987. However, the net effect of the aforementioned personnel actions will be to increase the agency personnel use level by 3.5 FTEs in FY 1987. These changes will improve the agency's ability to fulfill its statutory responsibilities in a more effective and timely manner. This is discussed in greater detail in the accompanying budget justification.

5. The Administration is currently preparing a proposal for legislation to reauthorize the Office of Environmental Quality for FY 1987. Such a measure is not expected to have any impact on the amount of the appropriation request for the agency. Sufficient authorization exists under the National Environmental Policy Act for the agency request of $820,000. However, this legislation is essential to the continued functioning of the Office of Environmental Quality.

I hope this information is helpful to you in your consideration of the President's Budget Request for the Council on Environmental Quality and the Office of Environmental Quality for fiscal year 1987.

Sincerely,

A. Alan Hill

A. Alan Hill
Chairman, Council on Environmental Quality
Director, Office of Environmental Quality

STATEMENT OF A. ALAN HILL
CHAIRMAN, COUNCIL ON ENVIRONMENTAL QUALITY
DIRECTOR, OFFICE OF ENVIRONMENTAL QUALITY
BEFORE THE
SUBCOMMITTEE ON APPROPRIATIONS FOR HUD & INDEPENDENT AGENCIES
SENATE COMMITTEE ON APPROPRIATIONS
FEBRUARY 26, 1986

Mr. Chairman and Members of the Subcommittee:

I am pleased to appear before you today and thank you for the opportunity to discuss with you the President's budget request to support the activities of the Council on Environmental Quality and the Office of Environmental Quality for fiscal year 1987. With me this morning are the other two Members of the Council -- Dr. William Mills and Miss Jacqueline E. Schafer. In addition, I would like to introduce Miss Dinah Bear, General Counsel; and Mr. Kemp Harshman, Deputy General Counsel.

The President has requested an appropriation of $820,000 for CEQ for fiscal year 1987. This level of funding recognizes the resources needed to support an authorized personnel ceiling of 13 full time equivalents (FTES). The proposed budget will enable the agency to fulfill its statutory objectives in a cost-effective manner.

Although this is a significant increase in funding for CEQ/OEQ, the request is within deficit reduction planning limits established for the Executive Office of the President as a whole.

The additional FY 87 funding will be used primarily for hiring additional technical and scientific staff members. The four new positions to be created include a Science Advisor, an environmental data and monitoring technician, a NEPA specialist to assist the General Counsel, and a support staff position to provide editorial services for the annual Environmental Quality Report and clerical assistance with agency administrative functions.

The Council/Office has also taken two personnel actions in FY 86 in order to more effectively utilize its existing resources. First, the agency abolished the administrative position of its half time Executive Officer and assigned the incumbent to work full time as the Deputy General Counsel. Second, the agency Administrative Officer has been detailed to another agency on a reimbursable basis for the remainder of the current fiscal year. That position will be abolished at the end of FY 86.

As you can see, the agency is undergoing a major reorganization of its personnel resources. These changes are required for the Council and the Office to fulfill their statutory responsibilities under NEPA, 14 other federal laws, two treaties, and three Executive Orders. The increase in scientific and technical personnel will provide the agency with its own expertise to contribute independent policy advice to the President, Executive Office, and the Congress.

The agency program accomplishments and plans for future activities are described in detail in the budget justification.

This concludes my prepared statement. The Members of the Council and I would be happy to answer any questions you have regarding the Council and our fiscal year 1987 appropriation request.

President's Budget Request
Fiscal Year 1987

Executive Office of the President
Council on Environmental Quality
Office of Environmental Quality

February 3, 1986

TRANSMITTAL STATEMENT

The Honorable Jake Garn
Chairman
Subcommittee on HUD-Independent Agencies
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Edward P. Boland
Chairman
Subcommittee on HUD-Independent Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Gentlemen:

I hereby submit the President's Budget Request for Fiscal Year 1987 for the Council on Environmental Quality and the Office of Environmental Quality. This document is intended to explain the agency's statutory mandate, its purposes and objectives. Budgetary data and a narrative statement are presented to justify proposed programs and activities.

A. Alan Hill

A. Alan Hill
Chairman, Council on Environmental Quality
Director, Office of Environmental Quality

PROPOSED APPROPRIATION LANGUAGE

COUNCIL ON ENVIRONMENTAL QUALITY

AND

OFFICE OF ENVIRONMENTAL QUALITY

For necessary expenses of the Council on Environmental Quality and the Office of Environmental Quality, in carrying out their functions under the National Environmental Policy Act of 1969 (Public Law 91-190), the Environmental Quality Improvement Act of 1970 (Public Law 91-224), and Reorganization Plan No. 1 of 1977, including not to exceed $500.00 for offical reception and representation expenses, and hire of passenger motor vehicles, $820,000.00.

BUDGET OVERVIEW

BUDGET REQUEST FOR FY 1987

The Council on Environmental Quality and the Office of Environmental Quality are requesting a budget authority of $820,000 for fiscal year 1987. This level of funding is $120,000 (or 17 percent) above the agency appropriation for FY 1986 as originally passed by the Congress, and $150,000 (or 22 percent) more than the amount actually available under the Balanced Budget and Emergency Deficit Control Act (PL 99-177). The President's Budget Request for CEQ/OEQ is intended to recognize the resources needed to support an authorized personnel ceiling of 13 full time equivalents (FTES). (Three and one-half positions were unfunded in FY 1986). This proposed appropriation reflects a budget which will enable the agency to fulfill its statutory objectives in a cost-effective manner.

This is not a request for additional funding to implement new programs. Rather, it reflects recognition of the resources required to operate the agency at the 13 full-time equivalent level. Overall funding for the Executive Office of the President (EOP) was determined with deficit reduction objectives in mind. The CEQ/OEQ request is within planning limits established for the EOP.

By making an FY 1987 Budget Request for $820,000, the Administration supports CEQ/OEQ as an important element of the federal establishment and asks the Congress to do likewise.

The Council/Office will spend approximately 77 percent of its funds on salary and benefit costs. Of the remaining balance of funding requested, approximately eight percent will be for Standard Level User charges and 15 percent will be expended on such items as travel, telephones, printing and supplies. CEQ/OEQ will continue to receive "other government support" for interagency projects and to utilize contractors to accomplish specialized tasks.

For additional details, a tabular presentation of anticipated FY 1987 expenditures is included in the Budget Summary, page 37.

EXPLANATION OF INCREASES AND DECREASES

In order to conduct the program proposed by the Council on Environmental Quality and Office of Environmental Quality for FY 1987, a restoration of funding to previously planned levels will be required. This will involve an increase over the appropriation received by the Council in FY 1986. The major components of the proposed CEQ program are described below.

A. By Object Classification

1. Personal Compensation and Benefits

An additional amount of $635,000 is requested for personnel compensation and benefits for 13 FTEs in FY 1987. Of this figure, $582,000 is for personnel compensation and the remaining $53,000 is for benefits. With these funds, the Council can be properly staffed to better fulfill all statutory responsibilities. This will enable CEQ/OEQ to make major contributions to the Administration by assisting the White House, OMB, and other agencies in environmental policy analysis and formulation; aiding federal agencies to comply with environmental impact statement requirements of NEPA; monitoring, analyzing and reporting on environmental conditions and trends; and preparing the President's annual Environmental Quality Report.

The agency FY 1987 personnel structure represents a net increase of 3-1/2 Full Time Equivalent employment positions (FTEs). In all, four new positions will be created. This includes two environmental specialists with technical/scientific training, a NEPA specialist to assist the General Counsel, and a support staff position to provide editorial services for the annual Environmental Quality Report and clerical assistance with agency administrative functions.

The half-time Executive Officer position has been abolished in fiscal year 1986, leaving the incumbent available to assume full-time duties as the Deputy General Counsel. (This is a reassignment of duties for an existing staff member serving in part-time capacities as both Executive Officer and Deputy General Counsel; it has no impact on FTE level.) In the second quarter of FY 1986, the agency Administrative Officer was detailed on a reimbursable basis to the Environmental Protection Agency. The position will be abolished at the end of this fiscal year. The position is only half-time in FY 1986 and will be eliminated in FY 1987. This produces a decrease of one-half FTE for the next fiscal year. The net effect of these personnel actions is to add 3-1/2 FTEs in fiscal year 1987.

The Council/Office will use the additional positions to acquire technical and scientific talent. The top priority for the agency in FY 1987 is to establish the position of Science Advisor. This person would advise the Chairman and Members on technical issues, represent CEQ/OEQ at substantive meetings between agencies, contribute to the annual Environmental Quality Report, and assist the General Counsel in technical evaluation of environmental impact statements. The Advisor would also be assigned as the agency's executive level coordinator for "global" issues, such as biological diversity, climatic change, water availability, and population.

The Council/Office also plans to hire an environmental technician to oversee its environmental data and monitoring program. This permanent position is needed to maintain close contact with monitoring offices in other federal agencies and keep the Council abreast of changes in this field. Other important responsibilities for that person are to develop a system of regular reporting of new data to the Council for use in the annual Environmental Quality Report, and to work on the improvement of environmental indicators.

The NEPA specialist will assist the General Counsel in bringing basic oversight activities up to a desirable level, and in providing long overdue supplementary materials needed for environmental review of issues in a timely manner. This individual will also be assigned to coordinate the legislative referral process, which is currently understaffed.

The remaining position is for a support staff member to assist with preparation of the annual Environmental Quality Report and to assume other clerical duties.

This additional staff is required so that the Council/Office can fulfill its statutory responsibilities under NEPA, 14 other federal laws, two treaties, and three Executive Orders. This level of technical personnel is required for achieving agency goals in fulfilling its legislative mandate.

2. Travel and Transportation of Persons

An additional amount of $15,500 is requested for agency travel and transportation of persons. This is an increase of $2,500 over the amount budgeted for fiscal year 1986, and will be used for anticipated travel expenditures which are necessary, appropriate, and directly related to statutory requirements. In order to fulfill the agency mission, the Council Members and agency staff are required to take trips for presentations, meetings and conferences related to:

a. acid precipitation,

b. oversight and implementation of the National Environmental Policy Act,

c. the Nuclear Waste Policy Act,

d. global and international environmental issues,

e. Environmental programs and activities of other federal agencies, and

f. organizations concerned about the environment.

This is a realistic estimate and represents a proportional increase for the additional staff to be hired next fiscal year. It is important for CEQ officials to attend these meetings to gather information first-hand and engage in substantive consultations with environmental experts.

3. Other Rent, Communications and Utilities

An additional amount of $102,000 is requested for Other Rent, Communications, and Utilities. Of this amount, $66,000 will be used for the Standard Level User's Charge (SLUC), and $27,000 will be used for communications services. The remaining $9,000 will be used for postal services. The Council/Office has been able to realize savings projected at $6,000 in FTS charges by installation of a new telephone system.

4. Furniture and Equipment

An additional amount of $10,000 is requested for Furniture and Equipment. Due to limited budgets for the last several years, the Council/Office has not had adequate funds for the acquisition and/or upgrading of its word processing equipment. This is a nominal investment with a high payoff, since it increases the productivity of the staff. In addition, CEQ/OEQ has not replaced its carpet since it first occupied the townhouse complex in 1970. The Council needs funding to replace its deteriorating carpet and furnishings.

5. Other Services

An additional amount of $10,000 is requested for Other Services. A portion of these funds will be reserved as the Council's contribution to the interagency environmental policy development studies it conducts from its Management Fund.

B. By Program Activity

The President's Budget request for CEQ/OEQ provides the resources needed to accomplish its mission as the Executive Branch environmental convener. A complete list of the agency's continuing statutory responsibilities is provided in Appendix F. The specific program activities to be funded by this increase are listed in the table below.

MAJOR AGENCY RESPONSIBILITIES AND STATUTORY DUTIES	ADDITIONAL ACTIVITY
STATUTORY DUTIES	
1. NATIONAL ENVIRONMENTAL POLICY ACT, AND	
2. ENVIRONMENTAL QUALITY IMPROVEMENT ACT	
Streamlining NEPA environmental review process	Agency could take initiative to determine whether NEPA process can be improved.
Predecision referrals of Proposed Federal Actions Determined to be Environmentally Unsatisfactory (40 C.F.R. 1504)	Could independently handle referrals and meet regulatory deadlines.
Requests for NEPA assistance from federal agencies, state and local governments and citizens.	Could handle inquiries and requests for help efficiently.
NEPA publications, studies, etc.	Publications which would be useful to parties involved in the EIS process.
Review of agency NEPA procedures	Procedural and substantive review on an expeditious basis.
3. NUCLEAR WASTE POLICY ACT OF 1982	
CEQ charged with reviewing guidelines and environmental impact statement for selection of facility	Could better fulfill statutory oversight responsibilities by initiating studies about environmental concerns.

4. INTERNATIONAL ENVIRONMENTAL PROTECTION ACT	Could participate more actively with AID in developing a U.S. strategy to protect and conserve biological diversity in developing countries.
5. ENVIRONMENTAL DATA AND MONITORING	
Environmental Data and Monitoring Program	Could make specific recommendations to agencies for improvements in monitoring and research needs.
Obtain data for assessment of environmental trends	Could develop a system for regular reporting to CEQ of new data and possibly of automatic calculation of environmental indices from the data.
Environmental Indicators	Could do some independent work and specify work to be done by others to improve environmental indicators, such as biological diversity.

COMMISSIONS, COMMITTEES, AND INTERAGENCY TASK FORCES

INTERAGENCY TESTING COMMITTEE ON THE TOXIC SUBSTANCES CONTROL ACT	Would perform proportionate share of evaluation of chemicals, and provide additional staff assistance for the Committee.
CABINET COUNCIL WORKING GROUP ON NATURAL RESOURCES AND THE ENVIRONMENT	Would oversee development of Administration's policy initiatives and ensure the agency statutory duties are met. Would assist in implementing agency's and the Administration's policy initiatives in appropriate forums.
INTERNATIONAL WHALING COMMISSION	

TREATIES AND INTERNATIONAL AGREEMENTS

"LEGAL AND ADMINISTRATIVE MEASURES OF ENVIRONMENTAL PROTECTION," US/USSR ENVIRONMENTAL AGREEMENT	Could fulfill obligations in planning and executing exchanges of delegations.
US/JAPAN AGREEMENT ON "COOPERATION IN THE FIELD OF ENVIRONMENTAL PROTECTION"	

EXECUTIVE ORDERS

EXECUTIVE ORDER 12114 (ENVIRONMENTAL EFFECTS OF MAJOR FEDERAL ACTIONS ABROAD) OVERSIGHT RESPONSIBILITIES	Comprehensive oversight and recommendations as to changes needed in E.O. or implementation.
EXECUTIVE ORDERS 11644 & 11989 (OFF-ROAD VEHICLES ON FEDERAL LANDS)	

The increase in funding for personnel would be used to hire additional environmental specialists with technical and scientific training. This would provide the agency with its own expertise to contribute independent policy advice to the President, Executive Office, and the Congress. This change specifically addresses concerns expressed in Congressional budget hearings about the agency personnel structure.

FY 1985 AND FY 1986 RESOURCE LEVELS

In FY 1985, the Council's budget authority consisted of a regular Appropriation of $700,000 and a Reappropriation of $175,000 from savings under a water study contract for a total of $875,000. (In a previous fiscal year, the Congress had provided a $600,000 supplemental appropriation to CEQ to conduct feasibility studies for a Water Resources Research Center and an Information Clearinghouse. The Council was able to complete the work for $208,700.) The Council's personnel utilization in FY 1985 was 11 FTE's.

The purpose of the Reappropriation was to expand NEPA oversight activities and to strengthen the technical and scientific expetise of the Council/Office. The Council expended $15,000 for the publication of three Appendices to the NEPA Implementation Procedures in the Federal Register. The Appendices are intended to improve public participation and facilitate agency compliance with the National Environmental Policy Act. CEQ/OEQ obligated $104,000 to reimburse other federal agencies for two detailees. The Environmental Protection Agency provided one of the detailees to assist in preparation of the annual Environmental Quality Report. An environmental monitoring specialist was acquired from the Department of the Interior for assistance in implementation of the agency environmental monitoring and data program. In addition, $8,000 was applied to the contract work for the Environmental Trends report. The remaining $48,000 was spent for agency operating expenses, with the majority (92 percent) used for personnel compensation and benefits.

For FY 1986, the Council is operating with a revised budget authority of $670,000. This is the amount available for an Appropriation of $700,000 with the sequestration of funds mandated by the Balanced Budget and Emergency Deficit Control Act. Due to the budget reduction, CEQ/OEQ will operate at an FTE level of 9-1/2 this fiscal year. (Actual FTE count is 11, but the program analyst is on a full-year reimbursable detail from CEQ to the National Oceanic and Atmospheric Administration for its acid precipitation program and the Administrative Officer is on a part year reimbursable detail to EPA for its Regulatory Negotiation Project. The Administrative Officer position will be abolished at the end of the current fiscal year.)

AUTHORIZATION AUTHORITY

The Council on Environmental Quality was granted a permanent budgetary authorization of $1,000,000 per year under the National Environmental Policy Act (P.L. 91-190). The Office of Environmental Quality is subject to reauthorization for fiscal year 1987. The agency request of $820,000 represents the resource requirements of both the Council and the Office, and anticipates enactment of an OEQ reauthorization bill.

BASIS OF CEQ/OEQ ROLE

The question is sometimes raised as to whether there is a genuine need for a Council on Environmental Quality in addition to the Environmental Protection Agency. By design and in practice, the statutory roles of CEQ/OEQ and EPA are quite different. In this regard, it is important to note that the Congress determined there was a need for an agency to act as the environmental convener for the Executive Branch. Under the National Environmental Policy Act, the Council was given the primary responsibility for establishing an environmental policy agenda, settling interagency environmental disputes, and coordinating federal environmental programs. It is an independent agency not preoccupied with mission-oriented programs of line agencies, like EPA. As a high level entity within the Executive Office of the President (EOP), the Council/Office has the statutory mandate to provide oversight for the environmental review process as administered by other federal agencies. In addition, the agency is required by law to coordinate environmental activities within the Executive Branch and mediate environmental disputes between agencies. In both the National Environmental Policy Act and the Environmental Quality Improvement Act, Congress clearly ennunciated the national environmental policy and established CEQ and OEQ to oversee implementation and further development of positions by each Administration. As an EOP agency, the Council/Office also acts as the environmental spokesman and representative for the President.

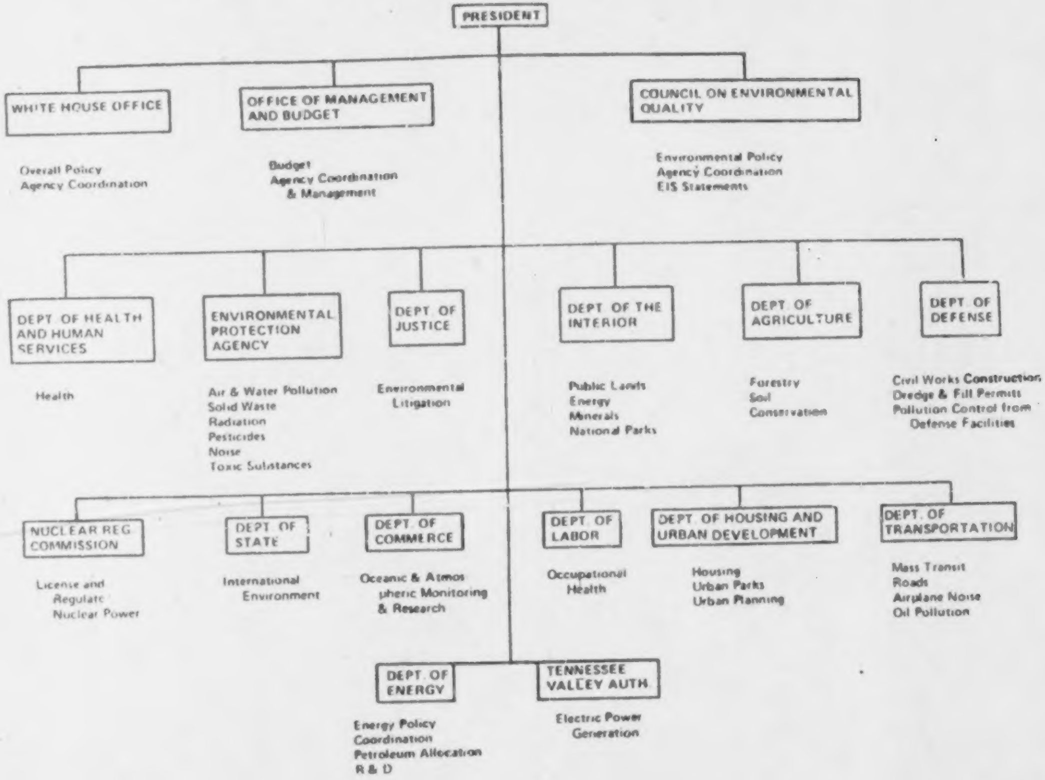
The relationship between the Council/Office and other federal agencies is illustrated in the organizational chart entitled "Major Executive Branch Agencies with Environmental Responsibilities," appearing on the next page.

ORGANIZATION OF THE AGENCY

The agency is comprised of two entities: a Council on Environmental Quality established by the National Environmental Policy Act (P.L. 91-190) and an Office of Environmental Quality organized pursuant to the Environmental Quality Improvement Act (P.L. 91-114). The Council itself (CEQ) is a three-member body of Presidential appointees. The Office (OEQ) provides the technical and administrative staff for the Members, and support for the Council.

A Chairman for the Council is selected from among the Members by the President. Agency coordination is achieved by the statutory designation of the CEQ Chairman to serve as the Director of the Office of Environmental Quality. The Chairman/Director is responsible for administrative decisions affecting the conduct of the Council and its activities; he is also empowered to direct the fiscal, legal, programmatic, and legislative affairs of the Office.

MAJOR EXECUTIVE BRANCH AGENCIES WITH ENVIRONMENTAL RESPONSIBILITIES


PRESIDENT
WHITE HOUSE OFFICE
Overall Policy
Agency Coordination
OFFICE OF MANAGEMENT AND BUDGET
Budget
Agency Coordination & Management
COUNCIL ON ENVIRONMENTAL QUALITY
Environmental Policy
Agency Coordination
EIS Statements
DEPT OF HEALTH AND HUMAN SERVICES
Health
ENVIRONMENTAL PROTECTION AGENCY
Air & Water Pollution
Solid Waste
Radiation
Pesticides
Noise
Toxic Substances
DEPT. OF JUSTICE
Environmental Litigation
DEPT. OF THE INTERIOR
Public Lands
Energy
Minerals
National Parks
DEPT. OF AGRICULTURE
Forestry
Soil
Conservation
DEPT. OF DEFENSE
Civil Works Construction
Dredge & Fill Permits
Pollution Control from Defense Facilities
NUCLEAR REG COMMISSION
License and Regulate Nuclear Power
DEPT. OF STATE
International Environment
DEPT. OF COMMERCE
Oceanic & Atmospheric Monitoring & Research
DEPT. OF LABOR
Occupational Health
DEPT. OF HOUSING AND URBAN DEVELOPMENT
Housing
Urban Parks
Urban Planning
DEPT. OF TRANSPORTATION
Mass Transit
Roads
Airplane Noise
Oil Pollution
DEPT. OF ENERGY
Energy Policy
Coordination
Petroleum Allocation
R & D
TENNESSEE VALLEY AUTH
Electric Power Generation

SOURCE: Environmental Protection: Agenda For The 1980's, General Accounting Office
CED-82-73 May 5, 1982

AGENCY STAFF STRUCTURE

The Council on Environmental Quality (CEQ) is composed of Chairman A. Alan Hill and Members William L. Mills and Jacqueline E. Schafer. Chairman Hill previously served in the California state government as Assistant to the Secretary for Resources and as Deputy Secretary for Agriculture and Services. Member Mills is a biologist and a former associate professor of environmental engineering at Vanderbilt University. He holds a doctorate degree in Environmental Engineering and Water Resources. Member Schafer joined the Council in June, 1984 after serving as Regional Administrator of the Environmental Protection Agency, Region II, in New York City. Previously, she was a Professional Staff Member of the Senate Committee on Environment and Public Works for five years. Chairman Hill and Member Schafer are managers of environmental technical programs, with extensive previous training and experience. Member Mills is an environmental scientist.

Agency Personnel	FY 1985	FY 1986	FY 1987	Change
Scientific and Technical Staff				
Chairman	1	1	1	0
Members	2	2	2	0
Environmental Law Specialists	2	2-1/2	4	+1-1/2
Environmental Scientists/Technicians	0	0	2	+2
Annual Report/Publications	1/2	1/2	1	+1/2
Staff Economist	1/2	0	0	0
Policy Analyst*	1/2	0	0	0
Administrative and Clerical Staff				
Executive Officer	1	1/2	0	-1/2
Executive Assistant to the Chairman	1	1	1	0
Administrative Officer*	1	1/2	0	-1/2
Confidential Assistants/Secretaries	1-1/2	1-1/2	2	+1/2
Total Work Years Utilized	11	9-1/2	13	+3-1/2

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*In FY 1986, the Policy Analyst is on a full-year, reimbursable detail and the Administrative Officer on a half-year reimbursable detail, as previously explained.

The Office of Environmental Quality (OEQ) provides the technical and administrative support for the Council. The increased funding requested by the agency will be used to hire two environmental scientists, a NEPA specialist, and provide editorial support for the annual Environmental Quality Report. In addition, the administrative functions previously performed by the Executive Officer and Administrative Officer will be distributed among the existing support staff.

For FY 1986, personnel from other agencies assisting CEQ/OEQ with joint projects include two environmental monitoring specialists, an environmental data analyst, an environmental attorney, and an environmental regulations specialist. The Council anticipates the utilization of other government support from federal environmental agencies for additional joint projects in FY 1987.

KEY STATUTORY MANDATES

The President's Budget Request is designed to enable CEQ to meet its three key statutory mandates:

1. Develop and recommend national policies which foster and promote the improvement of environmental quality to meet the health, natural resource, economic, social and other requirements and goals of the nation.

2. Assist federal agencies in the implementation and coordination of programs and activities which protect and improve environmental quality.

3. Gather and analyze information relevant to conditions and trends in the quality of the environment and to compile and submit to the President recommendations relating to such conditions and trends.

These responsibilities are stated in their general order of importance. Accordingly, the agency's principal responsibility is to provide the President, the Executive Office, and the Congress with timely and authoritative advice on emerging environmental policy issues. The Chairman of the Council is designated under NEPA as the environmental advisor to the President. As such, he insures that the concerns of affected citizens as well as technical and scientific considerations are taken into account in the Executive Office decision making process.

In addition to providing the President with policy advice, the Council is responsible for maintaining policy oversight of the federal government's implementation of the National Environmental Policy Act (NEPA). Two important Council NEPA responsibilities are to promulgate and maintain regulations implementing the environmental review provisions of NEPA and to assist federal agencies to resolve disputes about environmentally unsatisfactory proposals referred to the Council pursuant to NEPA, Section 309 of the Clean Air Act, and the Council's regulations.

The third major responsibility of the agency is to collect and analyze data concerning conditions and trends in the Nation's environmental quality. CEQ/OEQ makes technical environmental information available to the public through the annual Environmental Quality Report and other publications, such as the Environmental Trends report. Within the Executive Branch itself, the Council/Office exerts its influence to enhance interagency coordination of data gathering, storing, sharing and utilizing.

Finally, the agency has a number of other responsibilities resulting from mandates by the Congress, such as co-chairing the Interagency Toxic Sustances Data Committee; and by the President, such as serving as the Executive Secretary for the Interagency Task Force on Acid Precipitation. In all, the Council/Office has continuing responsibilities under 15 statutes, two treaties, and three Executive Orders.

PROGRAM HIGHLIGHTS

A summary of major programs for CEQ/OEQ in Fiscal Years 1985, 1986, and 1987 is presented below.

AGENCY ACCOMPLISHMENTS IN FY 1985

Major programs conducted in FY 1985 include:

ENVIRONMENTAL POLICY ANALYSIS AND DEVELOPMENT

- Published final report and recommendations of the Conference on Long-Term Environmental Research needs.
- Prepared the 15th Annual Report of the Council on Environmental Quality for the year 1984.
- Began review of materials being prepared by the World Commission on Environment and Development, an intergovernmental body formed under the aegis of the United Nations.

INTERAGENCY COORDINATION OF ENVIRONMENTAL QUALITY PROGRAMS

- Performed oversight of NEPA and agency implementing regulations and proposed revisions.
- Issued Advance Notice of Proposed Rulemaking for the "worst case analysis" regulation (40 C.F.R. 1502.22).
- Issued proposed amendment to "worst case analysis" regulation.
- Concluded referral of proposed Tennessee-Tombigbee Wildlife Mitigation Plan by publishing findings and recommendations.
- Received referral regarding proposed Corps of Engineers amendments to their NEPA procedures.
- Initiated special study of referral process aimed at preparing data base of historical information about all past referrals so that effectiveness of process can be evaluated.

- Hosted meeting of the American and Japanese Co-Chairmen of the Environmental Impact Assessment Project under the Agreement Between the United States and Japan in the Field of Environmental Protection.
- Updated and published three appendices to the NEPA regulations.

ENVIRONMENTAL DATA ACQUISITION AND ASSESSMENT

- Established an interagency working group to implement work plans for improvement of environmental data and monitoring systems, and to begin preparation of the Environmental Trends report.
- Transferred the Chemical Substances Information Network to the private sector.

AGENCY ACTIVITIES FOR FY 1986

Major programs being conducted in FY 1986 include:

ENVIRONMENTAL POLICY ANALYSIS AND DEVELOPMENT

- Participating in an interagency effort to oversee implementation of the moratorium on commercial whaling.
- Continuing implementation of the recommendations by the Conference on Long-Term Environmental Research, etc.
- Publishing the 16th Annual Report of the Council on Environmental Quality for 1985.

INTERAGENCY COORDINATION OF ENVIRONMENTAL QUALITY PROGRAMS

- Providing oversight of NEPA and agency implementing regulations.
- Issuing final amendment to "worst case analysis" regulation (40 C.F.R. 1502.22).
- Co-sponsoring a conference with the U.S. Forest Service and Yale University on implementation of amended regulation covering analysis of information.
- Preparing guidance document, at the request of many agencies, to explain implementation of amendment to "worst case analysis" regulation.
- Providing oversight of Executive Order 11644, Use of Off-Road Vehicles on Public Lands.

- Publishing and disseminating a special study of the NEPA referral process, focusing on historical development of the process and an analysis of its effectiveness. Initiating changes in NEPA referral regulations, as appropriate, based upon study recommendations.

- Providing project leadership for "Legal and Administrative Measures for Protecting Environmental Quality," Area IX, under "Agreement on Cooperation in the Field of Environmental Protection Between the U.S. and the U.S.S.R." During FY 1986, this will include hosting a specialist from the U.S.S.R. in the U.S. for a period of up to 90 days.

- Reviewing agency implementation of Executive Order 12114, "Environmental Effects Abroad of Major Federal Actions".

- Reviewing and commenting on the environmental impact statement for Nuclear Waste Repository planned by the Department of Energy.

ENVIRONMENTAL DATA ACQUISITION AND ASSESSMENT

- Completing and publishing the Environmental Trends report.

AGENCY ACTIVITIES PLANNED FOR FY 1987

Major programs planned for FY 1987 include:

ENVIRONMENTAL POLICY ANALYSIS AND DEVELOPMENT

- Participate in interagency advisory committee on whaling activities, which will be focusing on implementation of the international whaling moratorium.

- Publish the 17th Annual Report of the Council on Environmental Quality for the year 1986.

INTERAGENCY COORDINATION OF ENVIRONMENTAL QUALITY PROGRAMS

- Provide oversight of NEPA and agency implementing regulations.

- Follow-up as appropriate on worst case issue.

- Prepare case studies of the relationship between the implementation of NEPA and State "little NEPA" laws in at least three states, and prepare recommendations for improving the interrelationship between the two levels of government.

- Convene conference of environmental review staff from all agencies to survey problems field staff are having in implementing NEPA process and to share ideas for solutions.

- Review implementation of Executive Order 12114, "Environmental Effects Abroad of Major Federal Actions" by federal agencies.
- Receive official delegation from U.S.S.R. under U.S./U.S.S.R. Agreement for the Protection of the Environment and arrange for meetings and site visits throughout the United States.

- Chair environmental assessment project under U.S./Japan Agreement for Environmental Protection.

ENVIRONMENTAL DATA ACQUISITION AND ASSESSMENT

- Follow-up on recommendations to the Council and the scientific community on ways to improve and strengthen the system of monitoring for changes in the environment, etc.

FY 1987 BUDGET JUSTIFICATION

BUDGET PROGRAMS

I. Environmental Policy Analysis and Development

A. Basic Objectives

In order to meet its statutory responsibilities, the agency has adopted the following objectives for its Environmental Policy Analysis and Development Program:

1. Develop and recommend to the President national policies to effectively and economically promote and protect environmental quality.
2. Monitor environmentally-related activities of federal agencies to assure continued environmental quality.
3. Annually report to the President and the Congress, and through them, to the Nation, on the condition of the environment and trends affecting it so that any corrective actions necessary may be initiated in a timely manner.
4. Advise and assist the President and the agencies in achieving international cooperation on environmental programs.

B. Organization and Resource Requirements

Funds in Thousands of Dollars

	FY 85 Actual	FY 86 Estimate	FY 86 Estimate Grm-Rudm	FY 87 Estimate	Difference 1986-1987
Appropriation	272	275	260	310	+50
Reappropriation	100	0	0	0	0
Work Year Utilization	5.0	5.0	4.5	5.5	+1.0
FTE Allocation	5.0	5.0	5.0	5.5	+.5

CEQ/OEQ proposes to allocate a total of 5.5 work years and $310,000 to achieve the environmental policy analysis and development objectives. The additional funding will be used to hire a Science Advisor for the Chairman and Council Members. This individual will provide technical assistance on environmental issues, represent the agency at substantive meetings, and contribute to the annual Environmental Quality Report.

The program responsibilities in this area are primarily assumed by the Chairman and two Council Members. Assistance is provided by technical, legal, and administrative OEQ staff members. The work effort is concentrated in analytical activities and program liaison.

C. Program Responsibilities

1. Presidential Advisor

a. Program Description

CEQ/OEQ has a responsibility to provide expert opinion and policy advice to the President on environmental matters. In fulfilling this responsibility, the Chairman relies on input from other Council Members and the Office of Environmental Quality staff for indepth review of pertinent issues.

This function involves a variety of activities, including:

1. Meetings with White House and Executive Office personnel.
2. Memoranda to Executive Office staff and its agencies, particularly to members of the White House policy development staff and to OMB.
3. Representing environmental viewpoints at Cabinet Council level meetings.

In addition, the Chairman represents the President at formal national and international meetings concerned with environmental affairs. In these meetings, the Chairman acts in concert with heads of other agencies with responsibilities for environmental protection.

In order to enable the agency to provide practical and informed advice to the President, numerous discussions are held with representatives of science, industry, agriculture, labor, conservation organizations, state and local governments, and other groups. The CEQ Chairman conducted 58 such meetings in FY 1985. The resulting dialogue assists CEQ in performing its responsibilities in a manner which is responsive to public needs.

b. Program Accomplishments and Current Activities

CEQ/OEQ has important responsibilities in overseeing implementation of environmental decisions by the President. For instance, the agency is actively involved in both the preparation of and commenting on drafts of environmental messages, executive orders and decision memoranda. In addition, the Council coordinates the process of suggesting candidates for appointment of members of the Marine Mammal Commission. (The Marine Mammal Protection Act requires coordination with the National Academy of Science, National Science Foundation, and the Smithsonian Institution.) CEQ/OEQ also recommends names of individuals for consideration by the Office of Presidential Personnel for other appointments.

The Members of CEQ serve on two White House Cabinet Council Working Groups to help oversee and direct the Administration's environmental policy. Member Mills has assisted the Cabinet Council Working Group on Biotechnology by providing guidance on the adequacy of federal laws and regulations to protect public health and the environment from the possible hazards associated with the products and processes of biotechnology. The Council has also provided input regarding the establishment of an interagency biotechnology risk assessment body. Member Schafer participates in the deliberations of the Cabinet Council Working Group on Energy, Environment, and Natural Resources. In this capacity, she assists in the review of policy issues and prepares briefing papers for the Domestic Policy Council on related subjects.

During FY 1985, CEQ/OEQ continued oversight of the work of the International Whaling Commission in support of the moritorium on commercial whaling. In this regard, the Council/Office participates in an interagency committee to oversee implementation of the moratorium on commercial whaling, which is to go into effect in 1986.

During FY 1985, CEQ/OEQ issued its report on Long-Term Environmental Research and Development based upon the results of four two-day scientific and technical panel meetings that addressed specific clusters of long-term environmental research and development topics. The purpose of the conference was to discern major scientific issues warranting enhanced government or private sector attention during the remainder of the century.

The report contains the recommendations of the panel chairmen that the federal government accord long-term environmental research heightened priority and a level of support sufficient to ensure the contribution of research findings to the attainment of broad national goals. (See Appendix D.) CEQ has already begun to follow-up the specific recommendations by asking federal agencies to determine which of the measures are currently under implementation or will become implemented in the future. In addition, four interagency projects have been initiated to address the needs identified by the Conference.

First, CEQ, with assistance from the Environmental Protection Agency and the National Institute of Health Sciences, has awarded a contract to The Conservation Foundation to study the effects of environmental exposure from multi-media sources of the same pollutant. A conference will be held on February 10, 1986, and a report written. The Conservation Foundation will also address curriculum changes to improve university education programs for the environmental sciences. A consultants' report will be prepared for this as well.

Second, CEQ is pursuing the recommendation related to the conduct of scientific research at Superfund-type waste cleanup sites. EPA, DOD, DOE, and Clean Sites staff provided resources, and assisted CEQ in convening a meeting to plan for this research. The meeting of approximately a dozen leading scientists from the various involved disciplines and officials from EPA, DOD, and DOE was held in late October of 1985.

Third, CEQ/OEQ, with the Office of Science and Technology Policy and the National Science Foundation, have planned a major review of the scientific bases of risk assessment assumptions in order to strengthen the process and to harmonize and rationalize the approaches across federal agencies. OSTP and NSF are taking lead responsibility for this effort.

Fourth, the Council/Office has also participated in developing recommendations related to anticipating the impacts of emerging technologies. In this area, CEQ/OEQ has focused on biotechnology. CEQ/OEQ and the Office of Science and Technology Policy worked together with the National Science Foundation to review the applicability and suitability of risk assessment methodology in dealing with problems related to biotechnology. A report on this topic specifically addressing environmental applications of biotechnology was released by the NSF in August, 1985.

An additional project relating to federal environmental data and monitoring programs is in the planning stages.

c. Proposed FY 1987 Activities

The Council/Office will continue to advise the President on environmental policies and to assist in the development of the Administration's legislative proposals and Executive Orders concerning the environment and natural resources.

2. Annual Environmental Quality Report

a. Program Description

The Council is required by its authorizing statute to assist the President in preparing a report to Congress on the status of the environment, on the adequacy of natural resources, and on policies and programs that will preserve and improve the quality of the environment. In carrying out this mandate, the Council solicits, coordinates, and assembles into an annual report data and information on environmental quality, including activities of federal and other government agencies which are environmentally significant.

The annual Environmental Quality Report also contains those findings of the CEQ which have been developed independently through its own studies and activities authorized by NEPA and other associated directives.

One Member of the Council has been assigned responsibility for planning and executing the preparation of the annual Environmental Quality Report.

b. Program Accomplishments and Current Activities

The 15th Annual Report of the Council on Environmental Quality for the year 1984 was printed in December, 1985, and released in February of 1986. Five thousand copies of the report were printed for distribution to Members of Congress, federal and state agencies, and interested citizens. The Government Printing Office has printed additional copies for sale to the public and distribution to the Depository Library System.

In addition to analyzing the status and condition of the various environmental media -- air, waters and the public and private lands -- and the adequacy of the Nation's natural resources, this year's report includes two special analyses. One chapter describes in detail EPA's risk assessment/risk management policy which has been recently instituted to deal with scientific uncertainty and resource management in environmental regulation, and documents in four case studies how it is being applied in routine decision making.

Another chapter reports the findings of a CEQ effort to create an inventory of private sector natural resource conservation activities, including twelve case studies of such efforts in every part of the country. This fulfills a duty of the report to "review programs and activities of . . . nongovernmental entities and individuals with particular reference to their effect on the environment and on the conservation, development and utilization of natural resources." It reveals that the nationwide commitment to environmental protection is indigenous and deep rooted, and not only a response to recent federal programs.

The annual Environmental Quality Report also includes a special analysis of the origins and fate of agency referrals to the Council on Environmental Quality under its NEPA procedures, in view of the recently increased level of referral activity.

Work is underway on the 16th Annual Report of the Council on Environmental Quality for the year 1985. Publication is scheduled for Summer, 1986.

c. Proposed FY 1987 Activities

The agency expects to publish its 17th annual Environmental Quality Report, covering calendar year 1986, in the Spring of 1987. To ensure the quality and timeliness of this reference and policy document, a Member of the Council has been assigned responsibility for supervising all preparation of the annual Environmental Quality Report.

3. International Environmental Issues

a. Program Description

The Council/Office acts cooperatively with the White House advisors and the Department of State and other agencies in developing international environmental policy. It provides expertise and representation of the Administration's views by assigning personnel of specific competence to particular areas of coordination. CEQ/OEQ also performs liaison with representatives of foreign governments and international organizations about mutual interests concerning conservation of the world's resources.

b. Program Accomplishments and Current Activities

CEQ/OEQ has long been active in international environmental issues. A primary focus of involvement for the Reagan Administration has been the Global Issues Working Group, established at the request of the President, in September, 1981. The Global Issues Working Group (GWIG) is headed by the Chairman of CEQ and is comprised of senior policy level representatives from the Department of Agriculture, Department of Commerce (NOAA), Department of Defense, Department of Energy, Department of the Interior, Department of Health and Human Services, Department of Education, Department of State, the Environmental Protection Agency, the Agency for International Development, the Office of Management and Budget, the National Security Council, the Office of Science and Technology Policy, the Federal Emergency Management Agency, the National Aeronautics and Space Administration, and the National Science Foundation. The purpose of the GIWG is to coordinate development of the

Executive Branch's response to some of the most pressing global problems of environment, population and resources raised by recent studies and reports.

During fiscal years 1985 and 1986, CEQ/OEQ and the Global Issues Working Group (GIWG) implemented several of the recommendations of the World Wildlife Fund (WWF) report to the agency about "Corporate Use of Information Regarding Natural Resources and Environmental Quality" (May, 1984).

One of these activities was the publication of a reference manual titled "Gaining Access to U.S. Government Information on the Environment and Natural Resources" by the U.S. Department of Energy and the Council on Environmental Quality as a follow-up to the first recommendation of the WWF report. This publication is designed to acquaint the reader with the broad range of services and publications that are offered by the U.S. Government and that provide information about the environment and natural resources. These sources of information include referral services, public-information offices, computerized data banks, information-analysis centers, and publication-distribution systems, as well as published sources like bibliographies, abstract and index journals, reports, handbooks, and atlases.

In March, 1985, an agency-sponsored report on "Long-Term Environmental Research and Development" was published, which was initiated out of some of the same concerns which prompted the World Wildlife Fund Report. This research document has a number of recommendations which address in part the World Wildlife Fund (WWF) report recommendations. For example, the long-term research report recommends "that CEQ foster an evaluation by an appropriate organization of existing physical, chemical, and biological monitoring programs (and extant data associated with them) to identify and stimulate research and development on improving the quality and cost-effectiveness of monitoring programs." The Council/Office and GIWG are considering both sets of recommendations in developing future plans aimed at making government resource information more useful.

The GIWG focused on development of a Perspective Paper on International Environmental Issues during 1985. Research conducted by GIWG member agencies on various international environmental issue papers has reaffirmed the need for a document to provide consistency of philosophy and approach for federal programs. Forming and articulating a perspective which fairly represents a consensus of existing viewpoints is an arduous and a time-consuming task; however, substantial progress has been made.

Additionally, the GIWG has continued to respond to current international environmental concerns and requests of international organizations, such as overseeing the development of the U.S. response to the United Nations Economic Commission for Europe (ECE) request for a "National Review of Environmental Policies and Strategies."

In FY 1985, Council Member William Mills attended the annual Governing Council meeting in Nairobi for the United Nations Environment Programme and met with diplomats from several governments.

During FY 1985, Council Member Schafer reviewed and commented on drafts of a proposed United States strategy to protect and conserve biological diversity in developing countries. Under the International Environmental

Protection Act of 1983 (P.L. 98-164), such a strategy was directed to be developed by the Agency for International Development in conjunction with CEQ and other agencies, and a report submitted to Congress in FY 1985.

For fiscal year 1986, the agency's primary activity will be to coordinate federal agency activities with the World Commission on Environment and Development (WED). This intergovernmental body is an outgrowth of a U.N. effort aimed at preparing "an Environmental Perspective to the year 2000 and beyond." To help the Council/Office implement this program, the Department of State has assigned a foreign service officer to act as Senior Policy Advisor to Chairman Hill on global environmental issues.

The membership of WED is composed of 22 eminent individuals, each serving in a personal capacity. William D. Ruckelshaus is the only U.S. citizen serving on the Commission. The Commission intends to examine an array of topics ranging from air, water and ocean pollution, hazardous and nuclear wastes, deforestation and soil erosion, to human shelter, land tenure and North/South relationships, on an individual basis, and then assess these issues in terms of their "common sources in sectoral policies and in related economic and trade policies." For example, this analysis could discuss how agriculture, energy and forestry policies impact on the ecological, environmental and natural resources problems of developing countries. Because the scope of the Commission report will be so wide, with no issue central to any single USG agency, the Department of State has asked CEQ to coordinate USG relationships with the Commission's work.

c. Proposed FY 1987 Activities

In FY 1987, CEQ/OEQ will continue to play a leadership role in coordinating the United States response to the Report of the World Commission on Environment and Development. The Report is expected to be debated in the United Nations General Assembly in the Fall of 1987. The Commission is preparing a strategy to deal with environmental challenges foreseen through the year 2000 and beyond.

The agency will again play an active role in the expert deliberations taking place under the aegis of the United Nations Environment Programme to develop Principals and Guidelines on Environmental Impact Assessment. The General Counsel of CEQ has served as the U.S. Representative on the Working Group of Experts on Environmental Law established for this purpose.

In the next fiscal year, CEQ/OEQ will continue to monitor global environmental issues and to act as Chair of the Global Issues Working Group. The agency will also be a participant in ad hoc U.S. committees formed to address special issues, including U.S. preparation for particular international meetings and conferences, as well as monitoring international conventions and treaties. The Council/Office will continue to serve as an environmental policy advisor, observer and/or representative of the Administration to international meetings.

Also in FY 1987, CEQ/OEQ will continue to monitor the implementation of the U.S. strategy to conserve biological diversity in developing countries and advise AID in carrying out specific policies and programs relating to the International Environmental Protection Act of 1983.

II. Interagency Coordination of Environmental Quality Programs

A. Basic Objectives

In order to meet its statutory responsibilities, CEQ/OEQ's basic interagency environmental program coordination objectives are:

1. Promulgate and maintain regulations implementing the procedural provisions of the National Environmental Policy Act that will effectively integrate public involvement and the consideration of environmental impacts into agency decision making.
2. Assist federal agencies in achieving the goals of the National Environmental Policy Act.
3. Assist in coordinating federal programs and statutory environmental review requirements and to develop recommendations for improvement of environmental review requirements.
4. Assist in coordinating federal environmental programs that involve more than one agency.
5. Actively participate in the OMB coordination and clearance process for proposed legislation related to environmental quality.

B. Organization and Resource Requirements

Funds in Thousands of Dollars

	FY 85 Actual	FY 86 Estimate	FY 86 Estimate Grm-Rudm	FY 87 Estimate	Difference 1986-1987
Appropriation	173	250	240	300	+60
Reappropriation	15	0	0	0	0
Work Year Utilization	3.5	3.5	3.0	4.5	+1.5
FTE Allocation	3.5	4.5	4.5	4.5	0

CEQ/OEQ proposes to allocate a total of 4.5 work years and $300,000 to achieve the interagency coordination of environmental program objectives. The additional funds will allow the Office of the General Counsel to respond to requests for NEPA assistance from other federal agencies and from the public in a more expeditious manner, and to identify methods of streamlining the environmental review process. Current resources provide only for selective oversight of NEPA compliance and these additional resources are required to comprehensively perform this major statutory function. The agency will also be able to handle referrals within time limitations established by the CEQ NEPA regulations. The additional funding allocated to this program will be used to convert the Deputy General Counsel to a full-time position and to add a NEPA specialist position to assist oversight of federal environmental review activities.

The NEPA program responsibilities primarily are assigned to the General Counsel's Office. The work effort is concentrated in legal advice, regulation, and institutional coordination.

The Council/Office is responsible for coordination of federal environmental programs that involve more than one agency. For example, a Council Member is assigned to oversee the activities of the Interagency Task Force on Acid Precipitation (ITFAP).

C. Program Responsibilities

1. Oversight of Agency Implementation of the National Environmental Policy Act

a. Program Description

Oversight and implementation of the National Environmental Policy Act (NEPA) is the heart of all of the Council's activities; all of the Council's various functions, such as the Presidential advisory function and preparation of the annual Environmental Quality Report, are mandated by NEPA. However, the "NEPA" process, as it is commonly called, refers to the requirement in Section 102 of Title I of NEPA that all federal agencies assess the environmental impacts of proposed major federal actions significantly affecting the quality of the human environment.

Overseeing the implementation of this requirement has always been one of the agency's most important missions. Early in the history of NEPA, the Council issued guidelines to assist the agencies in beginning the environmental assessment process. Through several years of development, the process evolved into one in which agencies prepared environmental impact statements for major federal actions significantly affecting the quality of the human environment, and briefer environmental assessments for minor actions causing less environmental impact. However, the lack of a legally-binding, uniform set of regulations combined with increasing litigation led to production of massive environmental impact statements with scant readership, and many critical concerns about the effectiveness of the NEPA process. To address these concerns, the Council was directed by the President in 1977 to develop a set of binding regulations to implement the NEPA process which would reduce paperwork and delay, as well as improve the decision making process. Those regulations were developed in 1978 and became effective for all federal agencies in 1979. In 1981, the agency reviewed the regulations and determined that no major changes were needed in them. In 1983, CEQ issued guidance relating to six issues covered in the NEPA regulations: scoping, tiering, alternatives, EIS preparation by contractors, categorical exclusions, and adoption. In FY 1985, the Council proposed an amendment to one of the regulations which deals with incomplete or unavailable information in an environmental impact statement (EIS). Oversight and assistance in dealing with specific NEPA problems has continued throughout this period.

b. Program Accomplishments and Current Activities

During FY 1985, the Council focused on the controversy related to implementation of one of the NEPA regulations, 40 C.F.R. 1502.22, "Incomplete and Unavailable Information". The controversy about that regulation has centered around the requirement for agencies to prepare a "worst case analysis" when there is uncertainty or incomplete information about the significant adverse impacts of the agency's proposal, and the information cannot be obtained because the overall costs of obtaining it are exorbitant or the means to obtain it are not known.

In December, 1984 the agency published an Advance Notice of Proposed Rulemaking (ANPRM) for 40 C.F.R. 1502.22, and stated that it was considering the need to amend the regulation [49 FR 50744 (1984)]. CEQ received a total of 161 responses to the ANPRM. On March 18, 1985, the Council held a meeting, open to the public, to discuss the comments received in response to the ANPRM.

Shortly after that meeting the Council voted to amend the regulation. The Council's proposed amendment to the regulation was published in the Federal Register for public comment on August 9, 1985 [50 FR 32234 (1985)]. (See Appendix A.) It would require an agency to include certain provisions in an environmental impact statement (EIS) when there is missing information, which, in the agency's judgment, is important to evaluating significant adverse impacts on the human environment that are reasonably foreseeable, and when the agency cannot obtain the information, either because of overall costs or because it is beyond the state of the art. These four provisions are: (1) to state that such information is missing; (2) to state the relevance of the information to evaluating significant adverse impacts on the human environment; (3) to summarize the existing credible scientific evidence which is relevant to evaluating the significant adverse impacts; and (4) to evaluate such evidence. The regulation also specifies that impacts which have a low probability of occurrence but potentially catastrophic consequences are to be included; provided they have credible scientific support, are not based on pure conjecture, and are within the rule of reason.

During the current fiscal year, the Council has been analyzing the 184 comments received in response to its proposal to amend 40 C.F.R. 1502.22. A majority of the commentators cited problems with the requirement to perform a "worst case analysis", although they acknowledged the need to address potential impacts in the face of missing information or uncertainty. Many of these writers had specific suggestions for improving the proposal. A minority of commentators wrote in support of the current regulation and strongly opposed the amendment.

The Council held a meeting, open to the public, on January 9, 1986, to discuss these comments. Shortly thereafter, the Council voted to proceed with a final amendment to the regulation. The Council is currently preparing the final preamble and amendment and anticipates final publication in spring of 1986.

Following this publication, the Council will conduct a conference to discuss implementation of the amended regulation. The conference will be jointly sponsored by CEQ, the U.S. Forest Service and possibly Yale University. It will include experts in risk analysis and representatives from federal agencies which are "users" of the regulation. These persons will develop broad guidance for evaluating significant adverse effects on the human environment when important information is incomplete or unavailable, including those which have a low probability of occurrence but are potentially catastrophic. These findings will then be published promptly in a form which will be useful to the Council/Office and to the federal agencies and other parties involved in the NEPA process.

The agency also plans to publish guidance regarding implementation of the newly amended 40 C.F.R. 1502.22. This guidance will replace a discussion of the current "worst case analysis" requirement in the CEQ document, "The Forty Most Asked Questions Concerning CEQ's National Environmental Policy Act Regulations," 46 FR 18026 (1981). Such additional guidance by CEQ was requested by numerous federal agencies in their comments on the proposed amendment to this regulation.

The Council concluded its work in April, 1985, on the NEPA referral from the Department of the Interior concerning the Corps' proposed Tennessee-Tombigbee Waterway Wildlife Mitigation Plan (Alabama and Mississippi) by publishing its findings and recommendations in the Federal Register, as well as communicating them to the involved agencies [50 FR 12850 (1985)]. (See Appendix B.) The referral involved two basic issues: (1) in-kind replacement of land with special resources, and (2) the use of land on other projects for mitigating habitat losses on the Tennessee-Tombigbee. In regards to the first issue, the findings stated that the Council "believes that the bottomland hardwoods in the Southeast are of such importance as wildlife habitats and becoming so scarce, that the principle of full, in-kind replacement should override other considerations". The Council strongly recommended that "the Department of the Interior and the Corps of Engineers work out a mitigation plan that fully replaces the 34,000 acres of bottomland hardwoods lost, through a combination of management and acquisition (public or private) of bottomland and hardwood habitats". In regards to the second issue, the Council recommended that the Department of the Interior and the Corps of Engineers reach an agreement whereby management of lands on five existing developments could be used for credit on the Tennessee-Tombigbee project, consistent with the principle of in-kind replacement for bottomland hardwoods. The Council's guidance, translated into a specific acreage of acceptable mitigation lands, is under consideration in the Congress. The Senate Public Works Committee staff are drafting a proposal to amend the Water Development Act to authorize 88,000 acres of mitigation lands for the Tennessee-Tombigbee project, an acreage figure that most closely approximates the policy guidance of the Council.

On February 25, 1985, the Council also received a referral from the Environmental Protection Agency concerning a proposal by the Corps of Engineers to amend their agency's NEPA procedures. At the request of the Acting Assistant Secretary for the Department of the Army (Civil Works), resolution of the referral was postponed during FY 1985. No action was taken to implement the subject regulations during this period.

During FY 1986, the Council expects to actively work on the referral which is currently pending from the Environmental Protection Agency regarding the Army Corps of Engineers' proposal to amend its NEPA procedures. The proposed amendments raise significant questions dealing with the scope of a "federal" activity under NEPA, examination of alternatives when an applicant requests a permit from the Army Corps of Engineers, and other legal matters. We anticipate that resolution of these issues will be an intensive and time-consuming activity for the Council.

During FY 1985, the Council initiated a special study to analyze the referral process and how it has worked over the past twelve years. The project involved case studies, including numerous interviews, about twenty of the twenty-two referrals which the Council has received since the referral process was established in 1973. The study is the first compilation of factual materials about each of the past referrals and will provide the Council, the Congress, other agencies and the public with a record of how past referrals have been resolved. The findings were published in the 15th annual Environmental Quality Report as an appendix to the NEPA chapter. The study will also aid the Council in determining whether any modifications are needed in the current referral procedures. The study is scheduled for publication in FY 1986.

The NEPA chapters for the 1984 and 1985 annual Environmental Quality Reports were prepared by OEQ staff, and included the annual survey of all litigation filed against federal agencies containing a cause of action under NEPA. (See Appendix C.)

The Council continues to spend much time assisting federal and state agencies, and private citizens with a variety of requests for assistance and interpretation in specific situations involving the NEPA process. For example, during FY 1986 the Council:

1. Granted an emergency exemption to the U.S. Fish and Wildlife Service so that five California condors could be captured and brought into captivity, thus averting possible extinction of the species.

2. Requested that the Navy provide a longer notice period or extend the comment period for a series of scoping meetings to be held regarding the proposed Gulf Coast Strategic Homeporting Plan.

3. Resolved questions raised by the U.S. Forest Service and the Environmental Protection Agency regarding the public comment period and records of decision for legislative environmental impact statements.

4. Addressed the question of whether there is a distinction between the analysis of environmental impacts required for military property, as opposed to impacts on other property.

5. Responded to a state inquiry about the relationship between NEPA and the Toxic Substances Control Act in relation to a proposed facility which would handle PCBs.

This type of assistance and oversight, which is typically conducted on an informal basis, is a primary activity of the General Counsel's office.

During FY 1985, the Council approved amendments to agency NEPA procedures for the General Services Administration, the U.S. Forest Service, and the

Minerals Management Service. The Council expects FY 1986 reviews to include proposals from the Corps of Engineers, the Federal Communication Commission and the Veterans Administration, among other agencies.

During FY 1985, the Council updated and published three appendices to the NEPA regulations. Appendix I updates the Federal and Federal-State Agency NEPA contacts list; Appendix II updates the compilation of Federal and Federal-State Agencies with Jurisdiction by Law or Special Expertise on Environmental Quality Issues; and Appendix III reinstates the listing of Federal and Federal-State Agency Offices for Receiving and Commenting on Other Agencies' Environmental Documents [49 FR 49750 (1984)].

The Council received many visitors from foreign countries who were interested in learning about the implementation of the environmental assessment process, and who obtained much information and materials from the Council staff. During FY 1985, visitors were received from Japan, Australia (New South Wales, South Australia, and the federal government of Australia), Norway, and the Netherlands.

Already in FY 1986, government officials from Japan, Costa Rica, Italy, Germany and Finland have come to CEQ for information about the NEPA process.

In FY 1985, the Council hosted a meeting of the American and Japanese Co-Chairmen of the Environmental Assessment Project under the "Agreement Between the Government of the United States of America and the Government of Japan on Cooperation in the Field of Environmental Protection." This project is chaired on the American side by the General Counsel of CEQ and on the Japanese side by the Director of the Environmental Management Division, Planning and Coordination Bureau, of the Environment Agency of Japan. The Japanese Co-Chair has requested that the next project meeting be held as soon as possible in Japan. Given financial restraints, it is not certain when this project meeting will take place, but attempts are being made to arrange for the necessary travel funds in the later half of FY 1986.

The General Counsel of CEQ is also the Project Leader for Area XI, "Legal and Administrative Measures for Protecting Environmental Quality" under the Agreement on Cooperation in the Field of Environmental Protection between the United States and the Soviet Union. During FY 1986, the agency expects to host the head of the Department of Legal Problems of Environmental Protection, Institute of State and Law, Academy of Science of the U.S.S.R., for a period of up to 90 days. This individual will be studying the structure and philosophical basis of American environmental law in an appropriate academic institution in the Washington area. Under the Agreement, CEQ will be responsible for arranging his study, housing, and appropriate activities during this period.

EXECUTIVE ORDER 11644

In addition to its NEPA responsibilities, the General Counsel's Office handles interagency coordination responsibilities under Executive Orders pertaining to federal environmental programs. Executive Order 11644, as amended by Executive Order 11989, establishes policies and procedures for the use of off-road vehicles on public lands. It specifically affects lands under the control of the Department of Agriculture, Department of the Interior, Department of Defense, and the Tennessee Valley Authority. Each of these agencies is required to develop and issue regulations to provide for designation of specific areas in which off-road vehicles may be used and areas in which they may not be used. The respective agencies are required to provide for public information about these areas, as well as enforce compliance with the designations. Additionally, the agency head is required to close areas to off-road vehicle traffic if he determines that the use of these vehicles is causing considerable adverse impacts.

Under the Executive Order, the Council/Office is instructed to maintain a continuing review of the implementation of this Order. The agency has recently been approached with some complaints and concerns about implementation of the Order, and has begun a series of meetings with the land management agencies, user communities, and public interest organizations to review the effectiveness of the agencies' implementation of the Executive Order. Depending upon the Council's findings, it may make recommendations regarding this issue to the President's Commission on Americans Outdoors.

c. Proposed FY 1987 Activities

During FY 1987, the Council will attempt to respond to requests for assistance, interpretations and determinations in relation to specific NEPA problems in a more expeditious and comprehensive manner.

During FY 1987, CEQ will update and analyze information about state "little NEPA" statutes. The most recent information published by CEQ about state environmental assessment laws appeared in the annual Environmental Quality Report for 1979. The Report indicated that slightly over half of the states have a mandatory environmental assessment requirement similar to NEPA. However, we have no information about developments since that date. After this basic information is prepared, we would anticipate initiating detailed studies on the relationship between the implementation of NEPA and state "little NEPA" laws in at least three states. The Council will then recommend methods of meeting compliance with both the federal and state statutes with a minimum of duplication and paperwork, and disseminate these findings to the federal and state agencies involved in the NEPA process.

The Council anticipates convening a conference in Washington, D.C., for environmental review staff from all of the federal agencies. The purpose of the conference would be to inform CEQ of difficulties which the various environmental departments are having in implementing the NEPA process, and to share possible solutions to those problems.

During FY 1987, the General Counsel will continue to act as Project Leader for Area XI, "Legal and Administrative Measures for Protecting Environmental Quality," under the Agreement on Cooperation in the Field of Environmental Protection between the United States and the Soviet Union. That year, the U.S. delegation will receive a delegation from the U.S.S.R. for two weeks to exchange information and experience on (a) control of toxic substances; (b) risk assessment in setting standards; (c) environmental impact assessment, and (d) enforcement of environmental laws, including a specific case study from each side. The delegation visit will be preceded by an agreement about the agenda for the meeting, and an exchange of written papers on the substantive topics. Under the terms of the Agreement, the receiving side (U.S.) is obligated to pay for expenses of the five-to-seven member delegation while they are in the U.S. CEQ will seek financial contributions from other agencies represented on the American delegation and provide what funds it can to cover the anticipated costs.

The Council also expects to host the third meeting of the Environmental Impact Assessment Project under the Agreement between the United States and Japan in the Field of Environmental Protection in Washington, D.C. during FY 1987. Guidelines for the implementation of environmental assessment procedures were promulgated for the first time in Japan in August, 1984. This created much interest in Japan on the American experience in implementing NEPA and in the success of the project.

Additionally, the Council/Office will continue to follow developments in NEPA litigation, to be reported in the annual Environmental Quality Report for 1986, and to work with the Department of Justice on litigation involving NEPA claims.

EXECUTIVE ORDER 12114

Executive Order 12114 outlines policies and procedures for assessing the environmental effects of major actions of the federal government which take place abroad. The Executive Order provides for different types of procedures depending on (1) whether the action would take place in the global commons, in another country which is not a participant in the action; (2) whether the action involves a product which is strictly related by federal law because of toxic or radioactive impacts; or (3) whether it is an action affecting certain resources which can be designated for protection by the President or by international agreement. The Executive Order further provides for agencies to promulgate their own implementing procedures, and for consultation with CEQ about those procedures. With the improved level of funding, CEQ/OEQ will be able to review the agencies' implementation of these procedures and determine whether there are any problems which need to be resolved in regards to this process.

2. Assistance in Implementation of the Nuclear Waste Policy Act

a. Program Description

The Nuclear Waste Policy Act (NWPA)(P.L. 97-425) requires the Council on Environmental Quality to consult with the Department of Energy as it develops guidelines for the recommendation of sites as nuclear waste repositories. That Act also provides for the formal review and comments of the Council on the environmental impact statments prepared in the evaluation of potential sites.

b. Program Accomplishments and Current Activities

In FY 1985, the Council reviewed and commented upon the draft Project Decision Schedule for implementation of the Nuclear Waste Policy Act. The Project Decision Schedule identifies the key activities, decision points, and deadlines for federal agency actions required for the completion of a nuclear waste repository by 1998.

The first environmental impact statement (EIS) for a nuclear waste repository site will be issued in FY 1986. The Council will review and comment upon this EIS.

c. Proposed FY 1987 Activities

The Council will continue its statutory role under the Nuclear Waste Policy Act. During FY 1987, CEQ will be available to assist DOE in the resolution of environmental questions raised by the environmental impact statement for the candidate respository site. Studies on specific issues raised at that time may be conducted from the agency Management Fund.

3. Interagency Task Force on Acid Precipitation

a. Program Description

CEQ is responsible for assisting in the development and coordination of the Administration's acid precipitation research program through active participation in the Interagency Task Force on Acid Precipitation (ITFAP), and related policy activities.

The Council coordinates with the White House and the federal agencies concerned with acid precipitation to ensure that the federal research effort is responsive to major policy questions being asked by the Congress and other policy makers. A Member of the Council has been assigned responsibility for the conduct of agency activities in this area. CEQ Member Schafer serves as Executive Secretary of the Interagency Task Force on Acid Precipitation and as a member of the Joint Chairs Council in deliberations on acid precipitation research policy. CEQ meets on a continuing basis with those government agencies having responsibilities for acid precipitation-related programs. CEQ also houses the Office of the Director of Research for the Interagency Task Force on Acid Precipitation. The Task Force carries out the National Acid Precipitation Assessment Program with funds appropriated to individual agencies in accordance with a mutually agreed upon research plan.

b. Program Accomplishments and Current Activities

During FY 1985, the Council, in its capacity as Executive Secretary to the ITFAP, provided an increased level of direct support to the Task Force, while a new Director of Research was being recruited. This position was filled in September, 1985.

Also in FY 1985, the Council increased its level of administrative assistance to the ITFAP Program Coordination Office by assignment of a part-time permanent program analyst for several months. This is a part of CEQ's contribution to the research program, in accordance with the interagency memorandum of understanding. Finally, in FY 1985, CEQ provided legal and policy assistance to ITFAP in the drafting and execution of a contract with the National Academy of Sciences to provide a standing scientific committee to help the Task Force with specific technical issues concerning the National Acid Precipitation Assessment Program.

In FY 1986, CEQ is continuing to oversee the activities of the Task Force staff housed in its office complex and facilitate the financial management of interagency activities in support of the program. The agency acts as a member of the Joint Chairs Council and facilitates policy coordination with other involved entities for the Administration.

c. Proposed FY 1987 Activities

CEQ will continue to serve as the Executive Secretary of the Interagency Task Force on Acid Precipitation. A Member of the Council has been assigned responsibility for the conduct of CEQ's activities in this area. Administrative support to the ITFAP will also be provided by CEQ.

4. Coordination and Clearance of Proposed Legislation and Executive Orders

a. Program Description

CEQ/OEQ is asked by other executive agencies, Members of Congress, and the Office of Management and Budget (OMB) for advice on draft legislation affecting the environment. Legislative clearance is a valuable mechanism for the implementation of consistent environmental policy and preservation of the spirit of NEPA.

b. Program Accomplishments and Current Activities

The Council/Office comments regularly on proposed legislation, Executive Orders, enrolled bills and Congressional testimony which relate to environmental issues, and in particular, NEPA. Among the proposals which were commented on in FY 1985 were the following: USDA proposal to designate a segment of Black Creek as a Wild and Scenic River; testimony about a National Fish Hatchery System; the proposed Clifty Wilderness in Kentucky; a proposal to amend the Fish and Wildlife Coordination Act; testimony regarding the status of the Federal Energy Regulatory Commission's implementation of NEPA; a report on the Garrison Diversion Unit Commission recommendations; the Water Resources Development Act of 1985; the Metropolitan Washington Airports Transfer Act of 1985; the Marine Sanctuaries Amendments of 1984; the San Juan Basin Wilderness Protection Act of 1984; the Virginia Wilderness Act of 1984; the Wyoming Wilderness Act of 1984; and the Antarctic Marine Living Resources Convention Act of 1984.

During FY 1986, the agency has been actively involved in discussions regarding proposed legislation to reform the non-competitive oil and gas leasing program, and has also commented on such proposed legislation as the Surface Transportation Reauthorization Act of 1985, and a proposal to amend the Fish and Wildlife Coordination Act.

CEQ/OEQ has repeatedly opposed legislation which would provide for exemption from the procedural requirements of NEPA.

Other legislative proposals were reviewed and determined to be consistent with CEQ/OEQ implementing legislation.

c. Proposed FY 1986 Activities

The agency will continue to comment on proposed legislation, Executive Orders, enrolled bills, and testimony which relate to the environment, presented by executive agencies, Members of Congress, and OMB. CEQ/OEQ will anticipate conflicts between proposed legislation and NEPA, and attempt an early resolution of the matters.

III. Environmental Data Acquisition and Assessment

A. Basic Objectives

In order to meet its statutory responsibilities, the agency's basic environmental data acquisition and assessment objectives are:

1. Assist the Congress and other federal agencies in resolving problems associated with environmental monitoring, as identified in the 1980 interagency Task Force report, the 1983 and 1984 Congressional hearings, the 1986 Environmental Trends report, and other fora.
2. Explore innovative ways for coordinating the numerous environmental monitoring programs of the federal agencies, and for enhancing the ready availability of current environmental information.
3. Inform the Congress, the President and the public concerning the changing state of the environment over the past several years.

B. Organization and Resource Requirements

Funds in Thousands of Dollars

	FY 85 Actual	FY 86 Estimate	FY 86 Estimate Grm-Rudm	FY 87 Estimate	Difference 1986-1987
Appropriation	255	175	170	210	+40
Reappropriation	60	0	0	0	0
Work Year Utilization	2.5	2.5	2.0	3.0	+1.0
FTE Allocation	4.5	3.5	3.5	3.0	-.5

CEQ/OEQ proposes to allocate a total of 3.0 work years and $210,000 to achieve the environmental data acquisition and assessment objectives. Currently, the Council/Office must rely totally on other agencies that monitor environmental change for the data that must be used in the CEQ annual reports and for the periodic Environmental Trends reports. At the present staff levels, updated figures must be obtained on the basis of personal contacts each year. The increased funding will enable the agency to begin the process of establishing a procedure for automating the acquisition of revised information on a continuing basis. In addition, the staff assigned to this work in FY 1987 would be able to evaluate the scientific merit of specific environmental quality indicators that are used and to work with data-producing agencies to improve the nature of certain indicators that inadequately reflect environmental change. This type of capability must be greatly enhanced in order to bring about a level of consistency and quality control to the acquisition and production of environmental quality data. The additional resources will be used to establish a new position for an environmental specialist with technical expertise in environmental monitoring and data. This individual will manage agency activities for this program in close consultation with the Chairman.

The program responsibilities in this area are primarily assumed by the OEQ technical and administrative staff. A Council Member is assigned to oversee the activities of the environmental monitoring staff. The work effort is concentrated in technical assessment and administration.

C. Program Responsibilities

1. Improvement of Federal Data and Monitoring Capabilities

a. Program Description

Under NEPA and the Environmental Quality Improvement Act, the agency is required to assemble, analyze, or interpret authoritative information regarding the status of the environment or documenting ecological developments. The Council/Office uses this information to brief the President, the Executive Office, and the Congress about the condition of the environment. In keeping with this responsibility, CEQ/OEQ prepares reports on various subjects, in addition to the annual Environmental Quality Report, describing data and information on many aspects of the environment.

b. Program Accomplishments and Current Activities

CEQ/OEQ has a vital role as catalyst in the area of federal data and monitoring programs. Actual monitoring of environmental conditions and collection of data properly rests with the various line agencies. Of course, each line agency conducts environmental monitoring in a way consistent with its own mission and Congressional mandates. The Council/Office brings the agencies together to communicate what each is doing in areas of common interest, and utilizes the relevant information of the several agencies to produce a common document that reports on the overall condition of the environment.

Current agency activities have been focused upon two primary areas. One area is the technical responsibility associated with toxic substances and chemicals of environmental concern. The Chairman of CEQ serves as a joint chairman (along with the Administrator of EPA) of the Interagency Toxic Substances Data Committee (ITSDC). This Committee was established to improve coordination in the generation, sharing and management of information about chemical substance life cycles and effects upon the environment. The agency is also a statutory member of the Interagency Testing Committee (ITC). The ITC, as established under the Toxic Substances Control Act, is charged with recommending chemical substances to the EPA Administrator which should be given priority consideration for promulgating health and environmental testing rules. Representatives of CEQ/OEQ attend the meetings of these two committees on a regular basis.

The other primary area of activity relates to the improvement of environmental monitoring and data. In FY 1984, the Council/Office planned an interagency effort to update information about environmental data sources that are available, and to produce a 1986 Environmental Trends sourcebook. The interagency working group was established in late FY 1985, with membership from approximately 15 agencies. Multi-agency funding was begun and a support contract awarded at the end of the fiscal year.

The interagency working group is meeting regularly for planning and evaluation of draft products. A meeting of the Council under the Sunshine Act was held to keep the Council Members informed of the direction and content of the activity.

A support contract has been awarded to the NUS Corporation to conduct background studies and propose alternatives for organization and content of the report. The Statement of Work for this procurement is reproduced in Appendix E.

The support contractor is providing substantial technical background for decisions on what indicators of environmental quality are included in the report, how the data should be presented for most effective use by the informed public, what scientific basis exists for the indicators, and what sources exist for obtaining the necessary data.

The Council/Office had the central coordinating role in developing this report and co-sponsoring its initial publication in 1981. The revision of the report at five-year intervals was deemed a statistically meaningful time period for discernable trends to develop. Through the use of maps and charts, the report is designed to portray quantitatively, yet simply and effectively for the lay reader, the current conditions and trends in the quality of our environment.

The Interagency Working Group has selected the general environmental categories to be included in the Environmental Trends report. As of early January, 1986, the Contractor has begun the process of recommending specific indicators necessary for adequate reporting of environmental quality and environmental health. Completion of the report will be the result of sustained cooperation among professionals from several federal agencies. In addition, there is private sector interest in the printing and distribution of the report to the public.

As an important part of this activity, recommendations will be made for improvements in data and monitoring, based on deficiencies noted during the process of seeking and securing information.

In addition, the Council/Office has involvement, as requested, in Executive Office oversight reviews and studies of the environmental monitoring programs of various agencies for the purpose of assuring adequacy of environmental data for defined areas of special need.

c. Proposed FY 1987 Activities

The agency will continue to serve as the Co-Chair for the Interagency Toxic Substances Data Committee in FY 1987.

The Environmental Trends report is scheduled for completion by the beginning of FY 1987. The initial activity in the next fiscal year will be the distribution of the report.

An important emerging project for FY 1987 will be the solution of many of the problems identified during the development of the Environmental Trends report. This will involve the use of select interagency work groups assembled by CEQ/OEQ to work on the solution of specific problems, such as the development of key indicators or the implementation of coordination mechanisms. The Council/Office will play the role of catalyst in encouraging agencies to contribute to solutions, particularly in areas of research, monitoring and the construction of new environmental quality indicators.

2. Chemical Substances Information Network (CSIN)

a. Program Description

CEQ/OEQ provided oversight and support for a pilot program mandated by the Toxic Substances Control Act. This project, the Chemical Substance Information Network (CSIN), has been funded and supported through interagency agreements with the Council/Office.

CSIN is a sophisticated switching network which offers efficient and effective access to on-line information resources containing data relevant to chemical substances and other scientific disciplines and subject matters. The purposes of CSIN are twofold: (1) to meet the growing chemical data and information requirements of industry, academia, federal and state governments, public interest groups, and others, and (2) to reduce the burden on the private and public sector communities when responding to complex federal legislation oriented to chemical substances.

b. Program Accomplishments and Current Activities

The software technology for the CSIN Program was completed under contract in FY 1985. Software for both microcomputer and mainframe applications were transferred by interagency agreement to the National Technical Information Service (NTIS) in the Department of Commerce for sale to the public. Interested government agencies are provided access to an appropriate program.

In FY 1986, CEQ/OEQ will monitor the distribution and sale of the two CSIN software packages as provided by the interagency agreement with NTIS. All other activities will cease.

c. Proposed FY 1987 Activities

There are no activities planned for FY 1987.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, DC 20310-0103

11 FEB 1986

Honorable Robert T. Stafford
Chairman, Committee on Environment
and Public Works
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

This letter provides my responses to the five questions included in the Committee's letter of January 28, 1986. The answers to your questions on the sequestrations of FY 1986 funds and the details of the FY 1987 budget request are provided in the enclosure to this letter. Presentation is in the order in which the questions were asked.

Written testimony on the Department of the Army's budget request for the Civil Works program of the Corps of Engineers is under preparation for presentation to the House and Senate appropriation subcommittees on Energy and Water Development on February 18 and 20, 1986, respectively. Copies of that testimony, together with a Detailed Summary that is to be submitted as part of the testimony, will be furnished as soon as possible.

High regards,
~~Sincerely,~~

Bob

Robert K. Dawson
Assistant Secretary of the Army
(Civil Works)

Enclosure

Responses c Robert K. Dawson
Assistant Secretary of the Army (Civil Works)
to Questions on
FY 1986 Sequestrations and FY 1987 Civil Works Budget
asked by the Chairman and Ranking Minority Member
of the
Committee on Environment and Public Works
United States Senate

Question 1: Please discuss the effect of proposed sequestration of FY 1986 funds on the Army Corps of Engineers programs. Will agency staff levels be reduced and what projects will be affected or terminated as a result?

Answer: The FY 1986 reduction in new budget authority is just over $121 million. A table summarizing the reduction by appropriation account is attached. The FY 1987 budget request reflects the Administration's intent to submit a supplemental for FY 1986 to permit transfer of $3.0 million from the Operations and Maintenance, General, account to the General Expenses account. Approval by Congress of this request for transfer of funds will preclude the possibility of lay-offs or furloughs.

Question 2: Please discuss in detail the budget request for Fiscal Year 1987. How do these figures compare to the amounts actually appropriated in FY 1986 and with levels of funding if the proposed sequester takes effect?

Answer: A comparison, by appropriation account, of the FY 1987 budget request to the funding for FY 1986 is presented in the attached table for ready reference. Appropriations for FY 1985 also are shown in the table since the FY 1987 budget request includes follow-on funding for those new construction starts funded by the 1985 Supplemental.

Question 3: Please discuss the rationale for the increases or decreases in the level of funding for Fiscal Year 1987. In areas where programs are increased, indicate whether these increases are tied to new agency initiatives or reflect increases in ongoing programs. Specify what the additional funds will provide. In the programs where reductions have been made, what specific areas of the program will be reduced or eliminated and what will be the effect of these reductions on operation of the program. What changes are made in program priorities?

Answer: The FY 1987 program is predicated on Federal appropriations of $3.08 billion and non-Federal contributions of $227 million. Offsetting receipts that would be collected under existing law, $19.1 million, and under pending legislation, $203 million, would result in net Federal appropriations of just under $2.9 billion. This is about the same level of Federal funds appropriated for the Civil Works program over the last two years, even though the stalemate over the new construction program has been broken and a number of new starts are being budgeted. Execution, however, is dependent upon increased non-Federal cost sharing of the study, construction and operation and maintenance phases of our program. The non-Federal contributions of $227 million for the FY 1987 program is 2.4 times greater than that scheduled for collection under existing and proposed contractual agreements in FY 1986. In addition, the Administration proposes to make available $203 million which would be collected in FY 1987 under pending legislation to reduce the level of general fund appropriations. No programs or activities have been eliminated nor have there been any changes in our program priorities.

The FY 1987 budget request for Construction, General, is slightly over $1.07 billion, of which $26 million would be appropriated from the Inland Waterways Trust Fund. This is the first time since FY 1983 that the appropriations for this account would exceed $1.0 billion. The budget request is $100 million more than the FY 1986 appropriation, primarily because the request includes $230 million as the follow-on Federal share for 38 new construction starts included in the 1985 Supplemental Appropriation but not funded in FY 1986. The budget also includes the federal share of funds for 19 new construction starts as well as funds for other new work.

The FY 1987 request for work under the Operation and Maintenance, General, account is $1.42 billion. This is $100 million more than the level of appropriations for the last several years. However, legislation is pending that, if enacted in FY 1986, would generate sufficient fees in FY 1987 to offset up to 40 percent of the costs to maintain our coastal and Great Lakes harbors. The Administration proposes that the collected funds be transferred from a Harbor Maintenance Trust Fund to the Operation and Maintenance, General, account. This would permit an equal reduction, now estimated at $203 million, in general fund appropriations required for this account so that the net appropriation would total $1.2 billion or $100 million less than appropriated during the last two years.

For the Mississippi River and Tributaries (MR&T) program, the $298 million budget request represents a decrease of almost $17 million from the FY 1986 appropriations. Essentially, the decrease is attributable to a reduction in funding requirements, because of the completion of the Old River Auxiliary Control Structure. The MR&T budget request does include follow-on funding of $1.3 million for two new construction starts funded by the 1985 Supplemental.

The FY 1987 budget request for the General Investigations program is $127 million, that is, $2 million less than that appropriated for FY 1986. Last year's appropriation reflected the requirement, as does this year's budget, for cost sharing by non-Federal interests of the Feasibility Phase Study. The decrease in the budget request basically is attributable to a lesser number of studies and projects being budgeted under the survey and preconstruction planning and engineering program in FY 1987 as compared with the number being worked on in FY 1986.

Question 4: What personnel increases or decreases are being proposed? How will this affect the agency's ability, including any additional time it will take, to carry out its program responsibilities?

Answer: The proposed ceiling of 28,195 Full Time Equivalent (FTE or man-years) for FY 1987 represents a reduction of 200 from the FY 1986 ceiling. This reduction was based on anticipated savings from ongoing A-76 reviews of current positions and efficiency reviews of additional positions. The Corps has absorbed substantial cuts in recent years. This has been possible because of a declining construction program, increased contracting within the growing operations and maintenance program, and management efficiencies.

Question 5: Please indicate if any legislative initiatives are necessary, or are being considered, to implement any part of the agency's Fiscal Year 1987 budget request. If so, please describe these proposals and specify the budgetary impact of each provision.

Answer: Enactment of legislation reflective of the compromise reached between the Administration and the leadership of the Senate majority is critical to the successful execution of the FY 1987 program. Towards this end, we have been working very closely with your staff and that of the Senate Finance Committee, providing suggested changes and amendments to S. 1567 in order to facilitate timely enactment of the bill. Enactment of the bill would help stabilize our relationship with the sponsors of our studies, projects and other activities. Specifically, enactment would:

a. Stabilize the framework for cost sharing by assuring a consistent application of cost sharing criteria for both the capital and operation and maintenance costs of our projects and their separable elements.

b. Help reduce the level of Federal funding while maintaining an increased level of new construction investment. The FY 1987 budget reflects such a program objective as detailed in the response to question number 3.

c. Provide sponsors of harbor projects legal authority to collect fees to offset, if so desired, the financial costs incurred in the cost sharing of needed capital improvements.

d. Authorize the construction of projects that have been under study within the last 10-years; projects that should be implemented within the near future if we are to be responsive to the immediate needs of non-Federal interests.

Prior to FY 1986, the Appropriations Committees had deferred voluntary implementation of increased cost sharing by non-Federal interests until the proposals had been reviewed and acted upon by the authorizing and financing committees of both Houses. Now this has been done and, while there are differences in various specifics, both bills include financing and cost sharing arrangements. As indicated before, we are now in the process of negotiating binding contracts with the increased cost sharing for those construction new starts funded by the 1985 Supplemental. (And, to assure equity in treatment among sponsors for comparable phases of the program, I have taken action to institute cost sharing in FY 1986 for the Feasibility Phase Studies, the Continuation of Planning and Engineering effort, and the Continuing Authorities Program.) I should point out, however, that physical implementation of the 13 commercial harbors and 4 lock and dam projects funded by the 1985 Supplemental and 4 more commercial harbor projects recommended for initiation in FY 1987 is contingent upon enactment of the two revenue raising measures included in the bills. Construction of the 21 projects will be initiated upon enactment of the agreed upon increase in the inland waterways fuel tax and the authority to levy and collect fees and use those receipts deposited in the proposed Harbor Maintenance Trust Fund.

DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS - CIVIL WORKS
SUMMARY OF PROGRAM AMOUNTS FOR FISCAL YEARS 1985, 1986, AND 1987
(DOLLARS IN THOUSANDS)

ACCOUNT TITLE	FY 1985 (APPROP.)	FY 1986 APPROP.	FY 1986 DEFICIT REDUCT. [a]	FY 1986 ADJUSTED BUDG. AUTH.	FY 1987 BUDGET REQUEST
General Appropriations					
General Investigations	141,400	128,972	5,494	123,478	127,000
Construction, General	955,300 [b]	919,345	39,515	879,830	1,072,500 [b]
Operation & Maint., General	1,307,600	1,319,973	56,725	1,263,248	1,420,000 [c]
Flood Control, Mississippi R. & Tribs.	321,800	314,760	13,535	301,225	298,000
General Expenses	115,000	107,000 [d]	4,601	102,399	115,000
Flood Control & Coastal Emerg.	50,000	25,000	1,075	23,925	25,000
Revolving Fund	0	7,000	301	6,699	12,000
Subtotal, Gen. Approp.	2,891,100	2,822,050	121,246	2,700,804	3,069,500 [c]
Permanent Appropriations	13,065	9,000	0	9,000	9,000
Subtotal, Fed. Budget Authority	2,904,165	2,831,050	121,246	2,709,804	3,078,500
Rivers & Harbors Contributed Funds	49,729	96,000	0	96,000	227,000
TOTAL PROGRAM	2,953,894	2,927,050	121,246	2,805,804	3,305,500

[a] Reductions are to be reflected in anticipated obligations to be incurred in FY 1986 and unobligated carryover into FY 1987. This will result in a reduction in FY 1986 outlays of $86.3 million and in FY 1987 outlays of $35.2 million.

[b] Includes $7.8 million (FY85) and $26 million (FY87) to be appropriated from Inland WW Trust Fund.

[c] Pending legislation, if enacted in FY 1986, would result in the collection of $203 million in receipts in FY 1987, which upon appropriation from a proposed Harbor Maint. Trust Fund, would be used to reduce the O&M, Gen. appropriation.

[d] Supplemental to transfer $3.0 million from O&M, General account is to be submitted by the Administration.

NOT FOR PUBLICATION BEFORE 12:00 o'clock
noon EST on the day the President's Budget
is presented to Congress.

DEPARTMENT OF THE ARMY - OFFICE, CHIEF OF ENGINEERS
ARMY ENGINEERS CIVIL WORKS BUDGET REQUEST
FOR FISCAL YEAR 1987

DAEN-CWB-S

In his Budget proposal to Congress, the President has requested $3,078,500,000 for the Civil Works program of the Army Corps of Engineers for Fiscal Year 1987. This compares favorably, according to the Assistant Secretary of the Army (Civil Works), Robert K. Dawson, to the Fiscal Year 1986 request of $2,808,000,000.

Secretary Dawson emphasized the continued strong support for new water development that is reflected in the General Investigations and Construction, General, accounts. He said, "Because our new cost sharing and financing formulas anticipated the Federal budget austerity, we are able to propose additional planning and construction new starts in spite of limited Federal funding, as well as provide a high level of funding for the 41 new construction starts funded by Congress last August, as part of the 1985 Supplemental Appropriations Act, Public Law 99-88. Our proposals continue to demonstrate the possibilities for spreading Federal monies further by combining them with non-Federal funds." The Secretary added, however, "It is essential that Congress enact the new cost sharing formulas and navigation cost recovery provisions contained in S. 1567, the Water Resources Development Act of 1985, to fully implement this program."

The Civil Works program of the Army Corps of Engineers provides for nationwide water resources development and management, including investigations and surveys, planning, construction, and the operation and maintenance of Federal flood control, navigation, beach erosion control, and multiple-purpose power projects, as authorized by Congress.

Revitalization of the water project planning and construction activities carried out by the Army Corps of Engineers has been a major theme in the Reagan Administration's water program. The Administration has proposed to Congress new construction projects reflecting new cost sharing formulas every year since Fiscal Year 1983 for a total of five years. It has demonstrated the workability of new financing formulas by obtaining commitments from project sponsors to increase their financial participation for each project included in the budget as a new start. Major breakthroughs occurred last year when the Senate majority leadership and the Administration agreed to cost sharing formulas now contained in S. 1567 and when the Congress included 41 new Civil Works construction starts in the Fiscal Year 1985 Supplemental Appropriations Act, Public Law 99-88. These projects will be constructed with funding by the Federal Government and by project sponsors shared according to new formulas if enacted into law by May 15th of this year or, otherwise, on terms acceptable to the Secretary of the Army. Terms acceptable to the secretary are those contained in S. 1567, which is anticipated to come to the floor of the Senate early in this session of Congress.

Secretary Dawson stated, "The next 16 weeks will be critical to the future of federal water development; I believe Congress will affirm the key principles of S. 1567 and support the Administration's Fiscal Year 1987 Civil Works budget, which is based on the cost sharing and navigation user fee requirements contained in S. 1567. I do not believe we will soon have another opportunity like this. We have all the necessary tools in pending legislation to address our nation's water resources development needs in a manner which is in harmony with today's budgetary realities. All we need to finish the job is the will and hard work to get a signable bill to the President."

The Fiscal Year 1987 request under the Construction, General, account includes funds for 123 continuing construction projects, 3 reimbursement projects, 5 major rehabilitation projects, 4 dam safety assurance projects, and 3 projects authorized for engineering and design and land acquisition only. Construction will be completed on 6 of these projects, including 1 dam safety assurance project, with the funds requested for Fiscal Year 1987. The Construction, General, request also includes funds for 19 new start construction projects, of which one project will be completed with the funds requested in Fiscal Year 1987. The funds requested for the Mississippi River and Tributaries project (pages 100-108) will provide for continuation of construction of 13 features including 1 dam safety assurance feature of the project.

The funds requested for Fiscal Year 1987 by appropriation title are as follows:

	FY 1987 Appropriation Request
General Investigations	$ 127,000,000
Construction, General	1,072,500,000 1/
Operation and Maintenance, General	1,420,000,000
General Expenses	115,000,000
Flood Control, Mississippi River & Tributaries	298,000,000
Flood Control and Coastal Emergencies.	25,000,000
Permanent Appropriations (Estimated)	9,000,000
Revolving Fund	12,000,000
TOTAL APPROPRIATION REQUEST . .	$3,078,500,000
Offsetting Receipts:	
Under Existing Law	- 19,100,000
Proposed Legislation	- 203,000,000
NET TOTAL	$2,856,400,000

1/ Includes $26,000,000 to be appropriated from the Inland Waterways Trust Fund.

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Economic Development
Washington, D.C. 20230

10 FEB 1986

Honorable Robert T. Stafford
Chairman, Committee on
Environment and Public Works
United States Senate
Washington, DC 20510

Dear Chairman Stafford:

This is in response to your letter requesting information pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act.

I will address each of your questions specifically.

1) For the Economic Development Administration, the sequestration was uniformly applied to each program and activity as shown in Conference Report No. 99-414. In addition, two projects contained in P.L. 99-190 were specifically sequestered at a rate of 4.3 percent. The rate also applied to the regular appropriation. Attached is a detail of the 4.3 percent sequestration.

The Economic Development Administration will not reduce staff as a result of the sequestration; however, a furlough of up to 10 days may be required to offset the reduction in the administrative account. The 4.3 percent reduction of $1.118 million translates into 16 days of compensation, but a furlough, if implemented, will not exceed 10 days.

2.) The 1987 Budget for the Economic Development Administration proposes the termination of all economic development assistance programs. This termination will begin with a rescission of FY 1986 funds not specifically earmarked for current or future usage. Of the $183.5 million in program funds appropriated in FY 1986, $34.3 million will be used to honor current commitments; $7.9 million will be applied to the Gramm-Rudman reductions; $40.0 million will be used to fund phaseout activities for FY 1987 through FY 1991; and the remaining $101.3 million is proposed for rescission.

The FY 1986 sequestration process would not impact on the FY 1987 budget request for the Economic Development Administration.

3.) As in the past, the termination of the Agency is being proposed. This is mandated by the need to control federal deficits, thereby stimulating national economic growth. Regional job development, when it is possible to achieve, is clearly the responsibility of state and local government.

4.) In order to insure the continuing protection of the Government's investments after program termination, no major staff reductions are planned in FY 1986. However, the impact of the 4.3 percent Gramm-Rudman reduction may result in a furlough of up to 10 days in FY 1986. During FY 1987, staff will be reduced from approximately 400 to 250. EDR's as well as other employees responsible for initiating or coordinating new projects will constitute the bulk of those employees released during FY 1987. Administrative funding as previously stated will be derived from FY 1986 program funds.

5.) The only legislative initiative that might be proposed this year would be designed to facilitate termination of the Agency.

I have also attached, for your information, a copy of my recent statement before the Economic Development Subcommittee of the House Committee on Public Works and Transportation.

Sincerely,

Orson G. Swindle, III
Assistant Secretary
for Economic Development

Enclosure

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Department of Commerce

Account Title: Salaries and expenses

Account ID code: 06-05-0125-X-1-452-A; 13-0125

Source: P.L. 99-190

Program, project, activity	Budgetary Resources	
	Base	Sequester
1. Planning, technical assistance research and evaluation................	2,453	105
Planning..............................	(1,074)	(46)
Technical assistance..................	(927)	(40)
Research and evaluation..............	(452)	(19)
2. Development grants........................	4,470	192
3. Adjustment grants..........................	217	9
4. Development loans and guarantees..........	2,586	111
5. Direct supporting services................	5,654	243
Field direction.......................	(1,963)	(84)
Economic development representatives.	(2,153)	(93)
Chief counsel.........................	(588)	(25)
Compliance review.....................	(507)	(22)
Accounting............................	(443)	(19)
6. Executive direction.......................	10,620	458
Assistant Secretary for Economic Development and Deputy Assistant Secretaries.........................	(1,304)	(56)
Management and Administration Directorate:		
Director..........................	(192)	(8)
Information Systems and Services Division..........................	(980)	(42)
Budget............................	(202)	(9)
Centralized Agency Services........	(7,942)	(343)
Total....................	26,000	1,118

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Department of Commerce

Account Title: Economic development assistance programs

Account ID code: 06-05-2050-X-1-452-A; 13-2050

Source: P.L. 99-190 and Conference Report 99-414

Program, project, activity	Budgetary Resources	
	Base	Sequester
1. Public works grants	112,000	4,816
2. Planning assistance	27,000	1,161
Districts	(16,000)	(688)
Indians	(3,000)	(129)
States	(3,000)	(129)
Urban	(5,000)	(215)
3. Technical assistance	8,000	344
University Centers	(5,000)	(215)
4. Research and evaluation	2,000	86
5. Economic adjustment grants	26,000	1,118
Sudden and severe projects	(14,000)	(602)
Revolving loan fund projects	(12,000)	(516)
*Subtotal	175,000	7,525
6. Lexington County, South Carolina	4,000	172
7. City of Fort Worth	4,500	194
**Subtotal	8,500	366
Total	183,500	7,891

* - Conference Report 99-414
** - P.L. 99-190

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Department of Commerce

Account Title: Economic development assistance programs

Account ID code: 06-05-2050-X-1-452-A; 13-2050

Source: P.L. 99-190

Program, project, activity	Guaranteed Loan Limitation Base	Guaranteed Loan Limitation Sequester
1. Economic development assistance programs	187,500	8,063
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

STATEMENT OF ORSON G. SWINDLE, III
ASSISTANT SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT
BEFORE THE SUBCOMMITTEE ON ECONOMIC DEVELOPMENT
HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
FEBRUARY 6, 1986

Thank you Mr. Chairman. I am pleased to be here today to report to you and the subcommittee on the activities and plans of the Economic Development Administration. I assumed my duties as EDA administrator less than three months ago. Since then, I have intensively reviewed the programs and operations of the Agency, met the staff, and begun to set the course on which I wish to steer EDA. I look forward to sharing my observations to date with you.

First, I must state my support for the Administration's effort to terminate EDA. The only effective means of creating jobs is to encourage national economic growth. One of the keys to this is the control of federal spending. Given the continuing problems with federal deficits, we simply can no longer afford EDA. Also, state and local governments, who are closest to the economic problems or opportunities at hand, must be the primary force in regional job development.

Yet, I will respect the pledge I made during my confirmation hearing. If EDA is operating, it is my job to run it to the best of my ability, and I will do so. If Congress and the President should decide to eliminate the Agency, I will vigorously complete the task. As it presently stands, EDA is here, and I will make every effort to operate it efficiently within both the letter and the spirit of the law.

I will now review some of the specific areas you asked that I address in my statement.

FY 1985 Program Operations

During fiscal year 1985, EDA received $200 million in regular program appropriation authority and $150 million in contingent liability for business loan guarantees.

For that period, virtually all of the $200 million for grants was obligated with 975 grants being awarded. Four business loan guarantees were approved with a total contingent liability of $11.86 million. One of those loans did not close due to the subsequent filing of bankruptcy by the firm involved. EDA was not open to any guarantee claims in this case.

In FY 85, 219 public works projects were approved, with an average grant of $593,000. 56 percent of the projects were in rural areas, while 44 were in urban areas.

FY 86 Program Summary

The Congress provided $175 million in program appropriations for FY 1986. To date, EDA has obligated $16.7 million, awarding 136 grants. The vast majority of the awards to date are for planning grants.

On January 22, 1986, the Federal Register published the program guidelines for the fiscal year. While generally similar to previous years' guidelines, there are some differences worth noting. The program focus will be somewhat more rurally oriented this year. The target for a rural-urban funding split in public works will be 60-40. This is not a radical change from past EDA funding ratios, and is reflective of the lower project costs in rural areas. I must hasten to add that urban projects will still receive proper consideration for available program funding.

I have also asked program administrators to focus assistance to areas of high unemployment. Regional offices must now specifically justify public works grants awards in counties with unemployment rates of under eight percent.

There are two specific program developments this year I would like to note. First, as you are aware, the House-Senate Conference Report on the FY 1986 Appropriation Bill for the Commerce Department states that no revolving loan fund grants made under the Long-Term Economic Deterioration provisions of Title IX of the Public Works and Economic Development Act could be made to any previous recipients of this assistance. While I recognize that such report language is not legally binding, in the recent past the Agency has always honored requests found in joint Congressional Committee reports. We plan to do so in this case. This is in no way an endorsement of the conference position because as an administrator I prefer the greater flexibility found in the statutory language. It is a demonstration on our part of the need to follow, when practical, joint congressional committee statements. If the Agency should receive contrary instructions in a subsequent joint report, we will move quickly to implement that change.

In our FY 1986 appropriations, the set-aside of technical assistance money for university centers was increased from four to five million dollars. These funds will be used primarily to open centers in states not yet served by the program.

Loan Guarantee and Debt Collection

As stated earlier, EDA increased somewhat its loan guarantee activity in FY 1986. This was done while also implementating of the new government-wide requirements on credit assistance found in OMB Circular A-70. Circular A-70 particularly focused on the need for the federal government to be the primary lienholder and for the borrower to have sufficient equity in the project. Credit standards will remain tight this year, with even greater equity required of the borrower. Also, the lender will be responsible for complete servicing of the loan.

The EDA guarantee removes a great deal of risk for the lending institution. In that the bank charges for the risk it is taking, it follows that interest on federally guaranteed loans should be kept as low as possible because the risk to the bank is so greatly reduced. I will focus efforts on holding the interest rates in EDA guaranteed loans to as close to the prime interest rate as possible.

In FY 1985, EDA collected $103.6 million. 48 percent of EDA's total loan portfolio of $785.7 million is delinquent. There is an unobligated balance of $175.4 million in the Economic Development Administration Revolving Loan Fund.

Status of Economic Development Representatives

EDA is required to maintain 49 Economic Development Representatives (EDR). Presently, 46 are on board and we are in various stages of filling the remaining three vacancies.

Decentralization

One of my strongest observations to date has been that too much processing and too many routine actions are being completed in Washington. I am a firm believer in delegating a great deal of authority to field offices, with headquarters setting policy guidelines and then monitoring and holding the field offices accountable for their actions. I have begun an extensive review of functions and activities that can be prudently transferred to regional offices. When this is completed, I expect to delegate a great deal of authority and flexibility to EDA's regional offices. This will assist them in responding more timely to the needs of the applicants and grantees in their areas, and will make EDA a much more streamlined organization.

Summary

I have enjoyed the challenge of my first few months at EDA. I have found the staff very professional and they have assisted me greatly. As I stated earlier, I am looking at EDA's existing organization for opportunities for improved service delivery and increased efficiency. I will keep you informed of my efforts in this area and look forward to working with you. I will now be happy to answer any questions you might have.

WRITTEN TESTIMONY BY
BEN C. RUSCHE
DIRECTOR
OFFICE OF CIVILIAN RADIOACTIVE WASTE MANAGEMENT
U.S. DEPARTMENT OF ENERGY
BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

FEBRUARY 12, 1986

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today to present the FY 1987 budget for the U.S. Department of Energy's (DOE's) Office of Civilian Radioactive Waste Management. I will highlight the major activities planned for FY 1987 under the Nuclear Waste Fund program, as well as under the Civilian Radioactive Waste Research and Development program and provide a current status of implementation of and plans under the Nuclear Waste Policy Act of 1982 (NWPA). In addition, I have submitted answers to specific questions you provided to the Department in your letter of January 29. Since the NWPA requires the annual submission of a triennial budget under the Nuclear Waste Fund, in my discussion of the FY 1987 Nuclear Waste Fund program, I will include estimates for FY 1988 and FY 1989.

BUDGET OVERVIEW

The NWPA created the Nuclear Waste Fund which is financed by fees collected from owners and generators of spent nuclear fuel and high-level radioactive waste. The FY 1987 budget request for the Nuclear Waste Fund is $769.3 million, compared to $499.0 million for FY 1986. The Nuclear Waste Fund budget estimate for FY 1988 is $863.0 million and for FY 1989 is $799.2 million.

Research and development (R&D) activities not financed under the Nuclear Waste Fund are funded under the Energy Supply R&D appropriation in a program entitled Civilian Radioactive Waste R&D. The FY 1987 budget request for Civilian Radioactive Waste R&D is $6.5 million, compared to $16.0 million in FY 1986.

The FY 1986 budget request for budget authority funded by the Nuclear Waste Fund is summarized in Table 1. The FY 1987 Departmental budget request for Civilian Radioactive Waste R&D is summarized in Table 2. Under the Nuclear Waste Fund, the increased FY 1987 request will provide for extensive site characterization activities to begin exploratory shaft design and construction and to conduct intensive engineering tests and analyses to support the waste package and repository designs for the first repository. These activities will be conducted at each of the three candidate repository sites approved by the President for site characterization. DOE plans to formally recommend three sites for characterization to the President in Spring 1986.

The increase in FY 1987 will also provide for preparation for site field investigations in crystalline rock under consideration for a second repository and design of the second repository. While construction of a second repository is not authorized by Congress, other activities involving siting and design of a second repository are required under the NWPA.

In addition to an increase in the budget related to the repository activities, the FY 1987 budget request also represents a significant increase over FY 1986 in activities related to Monitored Retrievable Storage (MRS), should Congress adopt the proposal required by Section 141 of the NWPA. The FY 1987 request of $46.0 million compared to $3.0 million in FY 1986 supports Congressional approval to proceed with activities that are critical to the deployment of an MRS facility in Tennessee. In that proposal, DOE will recommend the construction of an MRS in Tennessee to receive, consolidate and package spent fuel for bulk shipment to a repository. I will later in my testimony discuss the details of the proposal.

The program proposed to be funded from the Nuclear Waste Fund puts first priority on the first geologic repository and the associated transportation, integration and management systems. Second priority is given to MRS because of its potential for improving the overall system, followed by a third priority to the second repository siting activity. Neither the MRS nor the second repository is authorized for construction by the NWPA, but it is clear that the MRS offers the earliest and best means for assuring that the objectives of the NWPA are carried out.

TABLE 1

FY 1987 CONGRESSIONAL BUDGET
NUCLEAR WASTE FUND
($in Thousands)

	FY 1986 Approp.	FY 1987 Request
NUCLEAR WASTE FUND		
Repository Development		
o First Repository	$386,050	$541,800
o Second Repository	35,500	78,700
Monitored Retrievable Storage	3,000	46,000
Transportation and Systems Integration	21,275	33,375
Program Management and Technical Support	53,212	69,474
TOTAL	499,037	769,349
Projected Receipts		
o One mill/KHh fee	378,600 1/	420,500 1/
o One-time fee	2,300	2,500
TOTAL	380,900	423,000
Interest Income	118,000 2/	115,000 2/
TOTAL	498,900 2/	538,000 2/
Staffing Full-Time Equivalents (FTE's)	292	292

1/ Based on projected gross nuclear electricity generation reduced by 5% to approximate net nuclear electricity generation as a result of the recent Wisconsin court decision. (Wisconsin Electric Power Company, et al vs Hodel, 83-1066,84-8571 (decided December 6, 1985)). At the time of this budget submission, net nuclear electricity generation projections were not available.

2/ Based on average yield of Treasury security portfolio.

TABLE 2

FY 1987 CONGRESSIONAL BUDGET
ENERGY SUPPLY RESEARCH AND DEVELOPMENT ACTIVITIES
($ in Thousands)

	FY 1986 Approp.	FY 1987 Request
CIVILIAN RADIOACTIVE WASTE R&D		
Spent Fuel Storage Development	$ 8,554	$ 6,300
Alternative Disposal Concepts	7,207	------
Program Direction	303	200
TOTAL	$ 16,064 a/	$ 6,500
Staffing FTE's	5	3

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a/ Reflects a general reduction of $30,000; APD Reduction, and a reduction of $631,000 in compliance with the Gramm-Rudman-Hollings Deficit Reduction Act, PL 99-177.

An increase in Transportation and Systems Integration in FY 1987 is also requested. The FY 1987 request of $33.4 million compared to the FY 1986 appropriation of $21.3 million from the Nuclear Waste Fund represents an effort to be initiated during FY 1986 for the private sector to design, fabricate and test prototype casks for DOE to consider in developing transportation casks for shipping spent fuel from reactors directly to a repository or from reactor to an MRS.

The FY 1987 budget request under the Civilian Radioactive Waste R&D program of $6.5 million represents a decrease from the FY 1986 budget of $16.0 million. Essentially, this results from the fact that no funds are being requested for research and development concerning alternatives for permanent disposal of spent fuel and high-level waste. During FY 1986 and previous years, the principal alternative disposal concept funded has been subseabed disposal. Activities related to research and development in alternative disposal concepts called for in Section 222 of the NWPA are not proposed for funding after FY 1986.

NUCLEAR WASTE FUND PROGRAM

With the overview of the FY 1987 budget request in mind, I would like now to give a brief status of the program and at the same time to try to answer the questions you provided concerning implementation of the program.

The NWPA calls for DOE to site, design, construct, operate and close the Nation's first geologic repository for spent fuel and high-level waste; to site and design a second repository; to submit a proposal to Congress on the need for and feasibility of Monitored Retrievable Storage facilities; to develop a transportation system and carry out certain other activities in support of the development of a disposal system. It established a method of disposal, a schedule, technical processes and a funding mechanism -- the Nuclear Waste Fund -- to ensure successful implementation of the NWPA.

Interwoven throughout these activities is the requirement for an extensive system of interactions providing checks and balances to ensure Federal accountability to the States, affected Indian Tribes, the public, the electric utilities, their ratepayers and the Congress. To ensure the accountability of the Federal Government -- specifically, DOE -- to the other parties and concerned citizens, we have on many occasions expanded the interactive process beyond that called for in the NWPA. We have been undertaking steps to ensure that the affected States and Indian Tribes can provide early input to DOE's decisionmaking processes. For example, we have invited affected States and Indian Tribes to participate in the Office of Civilian Radioactive Waste Management internal coordinating group on socioeconomic and environmental issues.

In spite of these actions, DOE is often criticized by many of the affected parties for not providing the opportunity for "effective" participation. In passing the NWPA, Congress found that "State and public participation in the planning and development of repositories is essential in order to promote public confidence in the safety of disposal of such waste and spent fuel...." My reading of that finding is that not only does the Federal Government have to be accountable to the affected and interested parties in the Nation, but so do the other participants. An important part of the FY 1987 budget request is to fund participation by States and Indian Tribes.

I do not believe it is the intent of Congress to fund participation to thwart progress in developing a disposal system that will provide reasonable assurance that the public and the environment will be adequately protected from the hazards posed by high-level waste and spent fuel. Effective participation is, I believe, participation for the purpose of ensuring that the resulting decisions will adequately protect the public health, safety and environment.

Repositories

To date, DOE has identified nine potentially acceptable sites for the first repository, prepared draft Environmental Assessments which propose five of those sites as suitable for site characterization and propose three of the five sites for recommendation to the President for site characterization.

A lengthy review process was undertaken in which DOE reviewed approximately 23,000 comments received on the draft Environmental Assessments. Based on comments, we selected one of three ranking methodologies which have been identified in the draft EA's to be used in the decision process to formally recommend sites for characterization. At the suggestion of several commentors, last fall, we requested the National Academy of Sciences (NAS) Board on Radioactive Waste Management to conduct an independent review of the appropriateness of the ranking methodology -- referred to as the utility estimation method.

The [illegible] Board responded that the methodology, if properly applied, [illegible] appropriate, but further recommended that the application of the methodology be reviewed. Therefore, over the last several months, while DOE has been completing final Environmental Assessments to accompany the formal nomination of sites for characterization and applying the ranking methodology in the recommendation decision process, the NAS Board and DOE have met several times on this subject. We expect to have a final review session in late March.

We consider the review by the NAS Board to be quite valuable in ensuring us, as well as the public, that the decisions being made in the siting process are indeed scientifically and technically sound. Based on our discussions with the NAS Board, we currently expect to issue final Environmental Assessments and formally nominate and recommend sites for characterization this Spring, around the end of April. The formal nomination and recommendation will be based on siting guidelines (10 CFR 960), utilizing available geotechnical, environmental and other relevant information contained in the Environmental Assessments, and will be accompanied by Environmental Assessments and the comments provided by the NAS Board.

The FY 1987 budget request for first repository activities is $541.8 million compared to the FY 1986 appropriation of $386.0 million. This increase is primarily due to the site characterization activities which are planned to commence in FY 1987. The extensive site evaluation involved in site characterization includes construction of deep, exploratory shafts at the three sites approved for site characterization and in situ testing. DOE is planning two shafts at each site. Shaft construction at the three sites will take approximately two years with in situ tests scheduled to start in FY 1989.

The FY 1988 budget estimate for first repository activities is $632.4 million and the FY 1989 budget estimate is $571.5 million.

Major program milestones associated with the first repository are:

Milestones	Calendar Year
o Issue final environmental assessments	April 1986
o Nominate at least five sites and recommend three candidate sites to President for characterization	April 1986
o Issue initial Site Characterization Plans (SCP) for tuff and basalt candidate sites	December 1986
o Issue initial SCP for salt candidate site	May 1987
o Begin construction of first exploratory shaft	May 1987
o Issue Final Environmental Impact Statement	1991
o Recommend first repository site to President	1991
o Recommend first repository site to Congress	1991
o Submit construction application to NRC	1991
o Receive from NRC Construction Authorization	1993-1994
o Begin Phase I Operations	1998

As previously mentioned, the NWPA directs DOE to conduct site investigations for a second repository, although construction of the second repository is contingent upon future Congressional authorization. The process for selecting the second repository site is similar to the process for the first repository with decision points approximately seven to ten years later than those for the first repository.

For the second repository, DOE may consider sites identified as potentially acceptable but not nominated for the first repository, sites found potentially acceptable from rock formations not previously studied in the first repository selection process and sites characterized but not chosen for the first repository site.

Rock formations not previously studied in the first repository selection process have been crystalline rock. Following national surveys, DOE identified 235 crystalline rockbodies in 17 States in three regions -- the North Central, the Northeast and the Southeast parts of the country.

In the "regional phase" of investigation, DOE collected and assessed publicly available geologic and environmental data, reviewed these data with the States and prepared Regional Environmental and Geologic Characterization Reports for each of the three Regions. In addition, through workshops and other interactions with the crystalline States, DOE prepared a Region-to-Area Screening Methodology to be used for narrowing down the 235 rockbodies to a small number of areas preferred for further study.

On January 16, 1986, following application of the Screening Methodology to the data contained in the Regional Characterization Reports, we issued for public comment a Draft Area Recommendation Report (ARR). The Draft ARR proposes from among the 235 rockbodies in 17 States, 12 potentially acceptable sites in 7 States. The 7 States, listed in alphabetical order, are:

Georgia, Maine, Minnesota, New Hampshire, North Carolina, Virginia and Wisconsin. The Draft ARR also identifies 8 other areas in the same 7 States as suitable for possible further consideration.

During the public comment period on the Draft ARR, DOE will hold more than 70 public briefings and public hearings in all 17 States. After review of the oral and written comments received on the Draft ARR, DOE will issue a final ARR, formally identify potentially acceptable sites in crystalline rock and begin the "area phase" activities for those areas determined potentially acceptable sites for the second repository. Area phase activities include on-site investigations to collect and assess geologic, environmental, socioeconomic and transportation data.

The FY 1987 budget request for second repository activities is $78.7 million compared to the FY 1986 budget appropriation of $35.5 million. The increase is principally to fund preparation for on-site area-phase work which is scheduled to begin in FY 1988 and take approximately three-to-five years. The FY 1988 estimate for second repository activities is $74.2 million and the FY 1989 estimate is $71.5 million.

The major milestones leading to the site recommendation for the second repository are as follows:

Milestones	Calendar Year
o Issue final Region-to-Area Screening Methodology	April 1985
o Issue final regional characterization reports	September 1985
o Issue draft Area Recommendation Report	January 1986
o Issue final Area Recommendation Report	Summer 1986
o Identify Potentially Acceptable Sites	Summer 1986
o Issue final Area Characterization Plan and initiate crystalline rock area phase field investigations	November 1987
o Nominate and recommend sites to President for characterization	1993
o Recommend second repository site to Congress	1999

Monitored Retrievable Storage

The NWPA (Section 141) directs DOE to complete a study of the need for and feasibility of an MRS, and to submit to the Congress a proposal for the construction of one or more MRS facililties. The NWPA specifies that the proposal include a program for siting, development, construction and operation of an MRS facility; site specific designs and cost estimates for the construction of such a facility, should Congress approve its construction; a plan for funding the construction and operation of such a facility; and a plan for integrating such a facility into the overall Federal waste management system.

In spring of 1985, DOE completed its analysis of the need for and feasibility of an MRS facility and announced our conclusion that such a facility could serve as an integral and important part of the overall waste disposal system. We identified a preferred site and two alternative sites, as required by the NWPA. The preferred site is the site of the cancelled Clinch River Breeder Reactor in Oak Ridge, Tennessee; and the two alternate sites are also in Tennessee -- one on the DOE Oak Ridge Reservation and the other near Hartsville. In addition, we completed the need and feasibility studies verifying our tentative conclusions.

Over the last nine months, we have worked closely with Tennessee in our development of the proposal to Congress. This interaction has principally been through Tennessee Governor Alexander's Safe Growth Council. To support their review of the proposal, we provided a grant of $1.4 million. The State in turn provided $100,000 each to the Clinch River MRS Task Force and the Hartsville Area Study Group to study the MRS proposal.

The Clinch River MRS Task Force completed their review in October 1985 and issued a report entitled "Recommendations on the Proposed Monitored Retrievable Storage Facility." In their report, the Task Force concluded that an MRS could be safely constructed and operated. In addition, Task Force members from the City of Oak Ridge and from Roane County passed resolutions stating that an MRS facility would be acceptable if certain conditions were met. In our proposal to Congress, which I will discuss in more detail in a moment, we have attempted to meet those conditions.

In mid-December 1985, and as required by the NWPA, we submitted to the Nuclear Regulatory Commission (NRC) and to the Environmental Protection Agency (EPA) review copies of the Proposal to Congress, the Environmental Assessment on the MRS and an MRS Program Plan. At the same time, we provided copies to the State of Tennessee.

On January 21, 1986, Governor Alexander met with the Secretary of Energy and me to present the State's position on our proposal to construct an MRS at the Clinch River site. We are disappointed that the Governor does not share our view of the need for and value of an MRS. We are pleased that he, like the Clinch River MRS Task Force, shares our view that such a facility could be constructed and operated safely and is not a substitute for a permanent repository.

I would like to state for the record that in preparing the MRS Proposal to Congress, rarely have I seen such an excellent example of the results that positive Federal, State and local government cooperation can yield. I would hope that other State and local governments would take note of this mutually beneficial experience so that similarly close cooperation and participation might be realized elsewhere in the program.

We have met with and received comments on the MRS Proposal to Congress from both NRC and EPA. Neither the NRC nor EPA comments have required major changes to the proposal. A recent legal action has caused a postponement in submitting the proposal to Congress. The proposal will be accompanied by NRC comments and EPA comments.

In our proposal, we will recommend that Congress:

- Approve the construction of an MRS facility at a site on the Clinch River in the Roane County portion of Oak Ridge, Tennessee;
- Limit the storage capacity at the MRS facility to 15,000 metric tons of spent fuel;
- Preclude waste acceptance by the MRS facility until a construction authorization for the first repository is received from the NRC;
- Direct DOE to implement measures responsive to the concerns and recommendations of the State of Tennessee and local governments; and,
- Direct DOE to implement the program plan accompanying the proposal.

The proposal contains extensive and unique provisions with regard to State and local involvement in the MRS program. The most innovative and far-reaching element contained in the proposal is the establishment of an MRS Steering Committee to provide a formal mechanism to obtain State and local input, including recommendations and evaluations regarding the design, construction, operation and, eventually, the decommissioning of the MRS facility. This Committee, composed of State and local government representatives of their own choosing, as well as DOE and industry representatives, would provide guidance, conduct evaluations, and, if necessary, recommend corrective actions with regard to the MRS facility. We are proposing that the Committee's involvement extend to a number of areas --

environment, safety and health; transportation; public information; and financial matters.

In accordance with other provisions of the NWPA, should Congress approve proceeding with an MRS facility, we are committed to seeking immediately to enter into a formal Consultation and Cooperation Agreement with the State of Tennessee.

The FY 1987 budget request supports proceeding with activities that are critical to deployment of an MRS facility. With this in mind, the FY 1987 request for MRS activities is $46 million compared to the FY 1986 budget appropriation of $3 million. These funds would be used primarily for site data collection and analysis, final design of the facility itself, regulatory compliance studies and State liaison activities. The schedule for construction of the MRS allows ten years from the time Congress approves our proceeding, to the start up of operations. The FY 1988 estimate is $50 million and the FY 1989 estimate is $53 million.

Nuclear Waste Fund

In April 1983, DOE adopted a fee of one mill (one-tenth of a cent) per kilowatt hour charged to utilities for all nuclear-generated electricity beginning April 7, 1983, as specified in the NWPA. Revenues collected from the on-going fee by DOE through December 31, 1985, total approximately $880 million.

In addition to spent fuel generated since April 7, 1983, spent fuel or high-level waste generated prior to that date is subject to a fee equivalent to an average charge of one mill per kilowatt hour. Utilities had until June 1985 to decide on one of three payment options. Those who chose to pay in one lump sum by June 1985, to save interest charges, made payments totalling more than $1.4 billion. This represents more than half of the one-time fee liability of $2.3 billion for civilian nuclear waste in existence prior to April 7, 1983. Following receipt of these monies, DOE reimbursed the U.S. Treasury approximately $265 million, the total amount owed on the appropriated debt transferred to the Nuclear Waste Fund upon enactment of the NWPA.

In April 1985, the President accepted DOE's recommendation to dispose of defense waste in a commercial repository. The Federal Government, therefore, will pay an equivalent fee to that paid by utilities. This use of the repository will generate additional revenue for the Fund. The amount of the additional revenue is presently being determined and, therefore, is not included in our revenue estimates. We are in the final stages of discussions with DOE's Office of Defense Programs to determine an equitable cost-sharing methodology.

The revenue projections based on the one mill per kilowatt hour fee are shown in Table 3.

TABLE 3

NUCLEAR WASTE FUND REVENUE PROJECTIONS
($ in millions)

FY 1983 (actual)	$ 73.6	
FY 1984 (actual)	329.5	
FY 1985 (actual):		
-One mil/KWh	367.3	
-One-time fee	1,427.4	
-Interest Earned	38.4	
FY 1986		
-One mil/KWh	378.6	a/
-One-time fee	2.3	
-Interest Earned	118.0	b/
FY 1987		
-One mil/KWh	420.5	a/
-One-time fee	2.5	
-Interest Earned	115.0	b/
FY 1988		
-One mil/KWh	474.5	a/
-One-time fee	17.2	
-Interest Earned	105.0	b/
FY 1989		
-One mil/KWh	508.6	a/
-One-time fee	17.5	
-Interest Earned	99.0	b/

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a/ Based on projected gross nuclear electricity generation reduced by 5% to approximate net nuclear electricity generation as a result of the recent Wisconsin court decision. (Wisconsin Electric Power Company, et al vs. Hodel, 83-1066,84-8571 (decided December 6, 1985)). At the time of this budget submission, net nuclear electricity generation projections were not available.

b/ Based on average yield of Treasury security portfolio.

Transportation and Systems Integration

The FY 1987 budget request for activities associated with Transportation and Systems Integration is $33.4 million. The FY 1988 estimate is $33.8 million; and the FY 1989 estimate is $31.0 million.

The funding request for FY 1987 provides for development of adequate transportation and integrated systems for the shipping and management of nuclear waste among the various components of the disposal system.

The FY 1987 major activities include funding for the private sector to design, fabricate and test prototype casks for truck, rail and barge transport based on competitive procurements. Work will be continued to support institutional programs, environmental and economic analysis and technology development, data systems and testing and engineering development and systems integration.

The FY 1988 and FY 1989 estimates of $33.8 million and $31.0 million, respectively, would fund the continuation of these efforts.

Program Management and Support

The FY 1987 budget request for program management and technical support is $69.5 million. The FY 1988 estimate is $72.7 million; and the FY 1989 estimate is $72.2 million.

The FY 1987 funding level of $69.5 million provides technical support for waste management activities including (a) technical support integration, (b) development of standard materials characterization methods by the Material Characterization Center, and (c) supporting studies including fund management activities.

This funding level provides for a sustained staffing level from FY 1986 to FY 1987 of 292 full-time equivalent positions at headquarters and in the Operations Offices for fund management, site investigation, technology development and institutional liaison associated with the technical management of the repository, MRS (if approved), supporting programs and the management of the Nuclear Waste Fund.

The FY 1988 and FY 1989 estimates of $72.7 million and $72.2 million, respectively, will provide for program management and technical support associated with site characterization activities at three candidate repository sites, intensified siting efforts in the second repository program, a vigorous MRS program and increasing efforts in transportation systems development. Major emphasis will continue on developing an integrated cost-effective waste disposal system providing full protection of public health and safety and the environment.

CIVILIAN RADIOACTIVE WASTE R&D PROGRAM

Development and demonstration activities under the Civilian Radioactive Waste R&D Program are funded from the General Fund rather than funds collected from the utilties and deposited into the Nuclear Waste Fund.

The FY 1987 budget request for the Civilian Radioactive Waste R&D activities is $6.5 million compared to $16.0 million in FY 1986.

I would like to briefly discuss the strategy and highlight the activities which we plan to undertake in FY 1987.

Strategy

DOE's Civilian Radioactive Waste R&D program efforts are to utilize all means directed or available through the Act or other authority to encourage and expedite the availability of licensed new at-reactor storage technologies. No funds are requested for research and development concerning alternative means and technologies for the permanent disposal of high-level radioactive wastes, including the subseabed disposal concept. Activities to implement Section 222 -- alternative means of disposal -- are not proposed after FY 1986.

Spent Fuel Storage R&D

DOE's spent fuel storage development program is intended to encourage and expedite the most efficient use of existing storage facilities and the addition of new, licensed capacity in a timely fashion. The FY 1987 budget request to support these activities is $6.3 million compared to $8.5 in FY 1986.

Activities in FY 1987 will include continued dry storage cask testing as part of a cooperative agreement with Virginia Power; completion of preliminary tests and analyses on a transportable cask as part of a cooperative agreement with Carolina Power and Light; and initiation of rod consolidation demonstrations of spent fuel as part of a cooperative agreement with Northeast Utilities Services Company. In addition, we plan to continue cooperative activities in information exchange regarding spent fuel storage and disposal with non-nuclear weapon states and to continue to participate in international activities with the International Atomic Energy Agency, the Nuclear Energy Agency and the Federal Republic of Germany.

We do not plan to continue investigations into alternative disposal concepts, including subseabed disposal, nor generic methods and support studies beyond those international information exchanges and international involvement discussed under spent fuel storage development.

Program Direction

The FY 1987 budget request for program direction is $.2 million. At this level, three full-time equivalents would be funded to manage the Civilian Radioactive Waste R&D programs. Included are administrative and technical personnel who manage a broad range of activities such as: research, development, demonstration, industrial involvement and international programs.

In summary, Mr. Chairman, the FY 1987 budget request for spending authority under the Nuclear Waste Fund and for appropriations under the Civilian Radioactive Waste R&D budget are designed to carry out an integrated waste managment program in an efficient and effective manner and to achieve the 1998 mandate of the Nuclear Waste Policy Act, that is, to have in place a comprehensive and functional waste disposal system to begin receiving spent fuel.

This concludes my written testimony.

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QUESTION 1: Please discuss the effect of proposed sequestrations of FY 86 funds on waste management programs. Will agency staff levels be reduced and what projects will be affected or terminated as a result?

ANSWER: For FY 1986, the Nuclear Waste Fund (NWF) had $22,423,000 in Budget Authority sequestered pursuant to Public Law 99-177, "Balanced Budget and Emergency Deficit Control Act of 1985." Due to recently identified schedule changes, the impact of sequestered funds will be minimal in FY 1986. Sequestration of FY 86 funds will not result in a reduction of staff levels or termination of NWF projects.

Under the FY 1986 Civilian Radioactive Waste Research and Development (CWR&D) decision unit, $631,000 in Budget Authority was sequestered. The sequestration of funds will result in a more limited Federal participation with the private sector in cooperative programs and limit the Department's ability to provide technical assistance to Non-nuclear Weapon states pursuant to section 223 of the NWPA. Sequestration of FY 1986 funds, however, will not result in reduction of staff levels or termination of remaining Civilian Radioactive R&D related projects.

FY 1986 staffing levels are 292 full-time equivalents (FTEs) supporting NWF activities and 5 FTEs supporting CWR&D activities.

FY 1986 staffing levels are 292 full-time equivalents (FTEs) supporting NWF activities and 5 FTEs supporting CWR&D activities.

QUESTION 2: Please discuss in detail the budget request for fiscal year 1987. How do these figures compare to the amounts actually appropriated in FY 86 and with levels of funding if the proposed sequester takes effect?

ANSWER: The major activities of the First Repository Program in FY 1987 involve: extensive site characterization; initiation of exploratory shaft construction; and intensive engineering tests and analyses to support waste package and repository designs. ($541.8M)

The major activities of the Second Repository Program in FY 1987 involve: preparation of area phase field studies in the crystalline rock repository project; expanded cooperative efforts with the Atomic Energy of Canada Limited/Underground Research Laboratory and the Swedish/Stripa projects; and engineering activities related to waste package and repository design. ($78.7M)

The major activities of the Monitored Retrievable Storage (MRS) Program in FY 1987 involve: initiation of those activities critical to the timely deployment of an MRS facility at the former Clinch River Breeder Reactor site in Oak Ridge Tennessee. This includes: design efforts to verify and finalize the MRS designs; collection of new site data and verification of previously developed data; initiating of institutional measures to mitigate facility impacts; preparation of documents for licensing and NEPA compliance, and the establishment of a comprehensive project management system and quality assurance program. ($46.0M)

The major activities of the Transportation Program in FY 1987 involve; execution of transportation cask development contracts which will support increased outreach and institutional activities; implementation of the Institutional Plan issued in FY 1986; increased efforts in economic and environmental analyses required to provide more detailed information for the environmental impact statement; and continued development of technology and data systems to aid in issue resolution. ($19.2M)

The major activities of the Systems Integration Program in FY 1987 involve: updating and further implementation of the Systems Engineering Management Plan. A System Requirements and Design Description, developed in FY 1986 to baseline the system, will be revised to reflect the current integrated waste management concept. System performance assessments will be conducted taking into account the latest cask systems, handling and storage capabilities at reactors, updated repository receipt rates and advanced packaging and handling equipment. ($14.2M)

The FY 1987 request for Program Management includes funding for training, salaries, benefits, travel, and administrative contractual support services. ($20.5M)

The FY 1987 request for Technical Support includes funding for such major activities as: technical support integration; fuel storage and monitoring; development of standard materials characterization methods by the Material Characterization Center (MCC); supporting studies including fund management activities; outreach activities; technical support for policy issues and program management; and international support. ($48.9M)

The following table compares the appropriated and the adjusted amounts:

(Dollars in Millions)

	FY 1986 Appropriation	FY 1986 G-R-H Adj.	FY 1987 Budget Request
First Repository	$398.8	$386.0	$541.8
Second Repository	41.8	35.5	78.7
MRS	3.0	3.0	46.0
Transportation	9.9	9.9	19.2
Systems Integration	12.7	11.4	14.2
Program Management	21.5	20.4	20.5
Technical Support	33.8	33.3	48.9
Totals	$521.5	$499.5	$769.3

QUESTION 3: Please discuss the rationale for the increases or decreases in the level of funding for fiscal year 1987. In areas where programs are increased, indicate whether these increases are tied to new agency initiatives or reflect increases in ongoing programs. Specify what the additional funds will provide. In the programs where reductions have been made, what specific areas of the program will be reduced or eliminated and what will be the effect of these reductions on operation of the program. What changes are made in program priorities?

ANSWER: Increase in the FY 1987 Nuclear Waste Fund budget reflect increases in ongoing programs. Program increases in relation to the Gramm-Rudman-Hollings adjusted budget are:

First Repository.......................... +155,750

- The increased funding will provide for continuation of intensive site characterization activities that were initiated in FY 1986. At the three sites, increased borehole drilling and geologic analyses will provide surface and subsurface based data to help determine site suitability as well as provide information needed to assist in developing waste package and repository designs. Construction of exploratory shafts will begin at the tuff and and basalt sites. In addition, the increase will also provide for intensified repository design and equipment development, licensing, and quality assurance activities.

Second Repository........................ +43,200

- The increase will support the preparation for area phase field studies, the expansion in the domestic and international cooperative programs, grants to affected States and Indian Tribes, and engineering activities related to waste package and repository design.

Monitored Retrievable Storage............. +43,000

- The increase will support initiation of those activities critical to the timely deployment of an MRS facility at the former Clinch River Breeder Reactor site in Oak Ridge Tennessee. These include: design efforts to verify and finalize the MRS designs; collection of new site data and verification of previously developed data; initiating of institutional measures to mitigate facility impacts; preparation of documents for licensing and NEPA compliance, and the establishment of a comprehensive project management system and quality assurance program.

Transportation and Systems Integration.... +12,100

- Transportation cask development contracts will be executed which will increase the transportation institutional outreach activities. An increase in economic and environmental analysis is required to provide route specific

EIS information. Continue development of technology and data systems. Increase program management requirements. (+$9,250).

- Under Systems Integration, increases are required primarily for prototype development and testing in the area of waste handling and packaging. Accelerated waste management systems integration activities are supported to assure that the various parts of that system are integrated into an efficient an cost-effective system (+$2,850).

Program Management and Technical Support. +15,714

- Technical support increases are primarily for contract support to continue integration and coordination activities, defense waste studies, outreach, financial assistance, waste package design, siting analysis/assessment, performance modeling/assessment, and initiate development of The Environmental Impact Statement and environmental analysis studies (+$15,593).
- Program management increase is due primarily to other administrative support costs above the base (+$121.).

QUESTION 4: What personnel increases or decreases are being proposed in the budget? How will this affect the agency's ability, including any additional time it will take, to carry out its program responsibilities?

ANSWER: A decrease of 2 FTE's is reflected in the Civilian Waste R&D activity in FY 1987. Staffing in support of Nuclear Waste Fund activities remains at the level of 292 FTEs. This represents a constrained staffing level and this Office is presently exploring with Management and Administration how best to accomplish program goals within the resources available to the Department.

QUESTION 5: Please indicate if any legislative initiatives are necessary, or are being considered, to implement any part of the agency's fiscal year 1987 budget request. If so, please describe these proposals and specify the budgetary impact of each provision.

ANSWER: The Department, as directed by Section 141 of the Nuclear Waste Policy Act of 1982, has prepared a proposal, environmental assessment, and program plan relating to the construction of a Monitoried Retrievable Storage (MRS) Facility, funds for which are included in the President's FY 1987 request. This proposal, after review by the Nuclear Regulatory Commission (NRC) and the Environmental Protection Agency (EPA), is to be submitted to Congress for their consideration accompanied by the comments from the NRC and EPA. This proposal will be submitted to Congress pending resolution of a legal action brought by the State of Tennessee with regard to siting studies conducted by the Department relating to the MRS facility.

The Department, anticipating authorization by Congress for the construction of an MRS Facility, has requested $46.0 million in the President's FY 1987 budget request for the MRS program.

QUESTION 6: Please discuss the status of the Department's implementation of the Nuclear Waste Policy Act, including the status of the Department's efforts to comply with the statutory time-table established in the Act, and summarize the impact of any proposed FY 1986 sequestration and the FY 1987 budget request on the ability of the Department to meet the statutory deadlines.

ANSWER: The FY 1987 budget request for spending authority under the Nuclear Waste Fund (NWF) is designed to have in place a comprehensive and functional waste disposal system to begin receiving spent fuel by the 1998 date mandated by the Nuclear Waste Policy Act (NWPA). The major program milestones associated with the first repository are:

Milestone	Calendar Year
o Issue final environmental assessments	April 1986
o Nominate at least five sites and recommend three candidate sites to President for characterization	April 1986
o Issue initial Site Characterization Plans (SCP) for tuff and basalt candidate sites	December 1986
o Issue initial SCP for salt candidate site	May 1987
o Begin construction of first exploratory shaft	May 1987

o Issue Final Environmental Impact Statement	1991
o Recommend first repository site to President	1991
o President recommends first repository site to Congress	1991
o Submit construction application to NRC	1991
o Receive from NRC Construction Authorization	1993-1994
o Begin Phase I Operations	1998

The major milestones leading to the site recommendation for the second repository are:

Milestones	Calendar Year
o Issue final Area Recommendation Report	Summer 1986
o Identify Potentially Acceptable Sites	Summer 1986
o Issue final Area Characterization Plan and initiate crystalline rock area phase field investigations	November 1987
o Nominate and recommend sites to President for characterization	1993
o President recommends second repository site to Congress	1999

The NWPA (Section 141) directs DOE to complete a study of the need for and feasibility of an MRS, and to submit to the Congress a proposal for the construction of one or more MRS facilities. The NWPA specifies that the proposal include a program for siting, development, construction and operation of an MRS facility; site specific designs and cost estimates for the construction of such a facility, should Congress approve its construction; a plan for funding the construction and operation of such a facility; and a plan for integrating such a facility into the overall Federal waste management system.

In the spring of 1985, DOE completed its analysis of the need for and feasibility of an MRS facility and announced our conclusion that such a facility could serve as an integral and important part of the overall waste disposal system. Over the last nine months we have worked closely with State and local officials in our development of the proposal which, pending final resolution of a recent court decision, we anticipate can be submitted to Congrss in the near future.

As indicated above, the FY 1987 budget request is designed to carry out an integrated waste management system by 1998. Due to recently identified schedule changes, the sequestration of $22.4 million will have minimal impact in FY 1986.

Federal Emergency Management Agency
Washington, D.C. 20472

February 7, 1986

The Honorable Robert T. Stafford
Chairman,
Committee on Environment & Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This is in response to your letter of January 28, 1986 requesting information on annual spending levels for the programs within the Committee's jurisdiction.

In compliance with your request I am submitting the attached package of information pertaining to the Disaster Relief Act of 1974, as amended. In addition to responding to your questions, it provides an overview of this past year's program activity. Should you require any additional information, please have a member of your staff contact our Office of Congressional Relations at 646-4500.

I look forward to working with you and the Committee staff during the coming year.

Sincerely,

Samuel W Speck

Samuel W. Speck
Associate Director
State and Local Programs and Support

Enclosure

February 6, 1986

FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF
ACTIVITY OVERVIEW

- FY 1987 Proposed Funding

An appropriation request of $100 million is being submitted for 1987. This assumes an additional $50 million in budget authority that would result from recovery of prior year obligations.

Two principal assumptions underlie that appropriation request. First, the requirements of 1986 activity will essentially result in a zero balance for the Fund at the end of the fiscal year. Supplemental funds being sought for 1986 will address the unusually high recent level of activity, and support average assistance levels for the remainder of the year (with total obligations projected at $663,700 for the year) such that there will be no carryover funds available in 1987. Second, in order to respond to governmentwide budget reduction initiatives, FEMA plans to change regulations and to propose legislative changes to the Disaster Relief Act that would expand cost-sharing requirements for assistance under the Act. As a result, an annual level of disaster activity that previously would have required approximately $225 to $250 million from the Fund would create significantly lower obligations. The exact amount would depend upon the frequency and intensity of actual disaster activity. The principal components of the proposed changes are noted below under Program Changes.

In addition, FEMA requests $6.587 million in salaries and expenses authority for Disaster Relief.

- FEMA's FY 1986 Appropriation

FEMA requested $194 million and Congress appropriated $100 million (prior to any reductions associated with the Balanced Budget and Emergency Deficit Reduction Act of 1985) based upon projections of available carryover and recovered funds and average levels of activity. However, the numerous and large scale disasters that have already occurred this year created heavy obligations on the Fund. A supplemental appropriation request of $250 million has been submitted to Congress to ensure that adequate resources will be available through the remainder of 1986.

- FY 1987 Program Changes and New Initiatives

FEMA intends to limit the budget requirements associated with Disaster Assistance by increasing the State and local share of primary assistance programs. Specific components of the proposed changes are noted in the following sections according to program area.

- Declarations

FEMA is currently in the process of issuing a schedule or list of State Public Assistance Capability Indicators. This schedule has been developed by the agency for use in the disaster declaration decision-making process. This schedule will be used as a relative index to determine a State's capability to cope with disaster-related damages to public facilities. This procedure would serve to eliminate the expenditure of Federal funds associated with smaller disaster events which States should be able to address with their own resources. New regulations will be proposed during FY 86 so that changes may be implemented in FY 1987, for a projected saving of approximately $16 million compared to average costs in prior years.

Declarations for Individual Assistance will remain unchanged and will continue to be evaluated on a case-by-case basis.

- Individual Assistance

Under the Act, the Individual and Family Grant (IFG) program already requires 75% Federal/25% State cost sharing. FEMA proposes to extend that cost-sharing principle to the other main Individual Assistance programs (Temporary Housing, Disaster Unemployment Assistance and Crisis Counseling) as well as make other refinements. Based on average activity, this could create a savings of approximately $7.5 million annually. These changes will be elements of proposed legislation and rulemaking that FEMA will initiate in 1986.

- Public Assistance

FEMA is proposing a sliding cost sharing scale which would be imposed on State and local program applicants according to their degree of disaster damage. The overall effect would be to create an approximate cost sharing ratio of 50% Federal—50% State and local for public assistance activities. These changes will be implemented through new regulations that FEMA will propose in 1986 with the regulations projected to take effect in 1987.

FEMA is also proposing a statutory change which would eliminate reimbursement to State and local governments for damages to insurable public facilities located in identified floodplain but not insured.

Since public assistance program expenditures constitute the overwhelming majority of obligations, these measures would significantly reduce the demands made upon the fund. Estimates based on average activity indicate that these changes could reduce annual obligations by approximately $65 million.

- Hazard Mitigation

FEMA proposes to estabish a new funding mechanism designed to promote long-term cost savings in the disaster program. This mechanism, referred to as hazard mitigation, would create a small fund, approximately $3.5 million, which would be available for implementing protective measures for facilities in locations where future damages are predictable. These hazard mitigation activities will be a function of Public Assistance costs and represent no net increase in obligations from the President's Fund. The hazard mitigation funds would be used to fund minor protective measures which are otherwise ineligible under current authorizations when the benefits, in terms of avoidance of future predictable damages, clearly exceed the costs of the hazard mitigation measures. This, along with sound design and development of new facilities by the responsible State or local jurisdictions, will generate net savings to the fund as certain types of damages are prevented in subsequent disasters. The authority to implement this funding will be included in the proposed legislation.

- Management

In addition, there are initiatives being pursued to help improve the administration of the program so that assistance can be delivered as effectively as possible, and reduce overall administrative costs.

In the public assistance area, a number of management improvements have been made recently or will be made in the near future.

1) Individual projects under $25,000 no longer require a final inspection. Payment will be made based on certification by the applicant that the work has been completed and that certain costs have been incurred.

2) The floodplain management review has been eliminated on projects under $5,000.

3) Damage Survey Report Preparations will be automated in the near future.

4) Wider use is being made of the Letters of Credit/Electronic Transfer of Funds to expedite funding.

A variety of changes to our delivery procedures have given us substantial savings in our Temporary Housing Assistance Program over the past year. Improved questioning and identification of needs among potential applicants has reduced the necessity to conduct inspections of individual homes by almost one-third, saving approximately $874,000. Also, eligible applicants who are able to do so are encouraged to locate and arrange for their own temporary housing units, with FEMA providing the necessary cash to cover the individuals' costs. Had the same number of recipients been assisted in the less efficient manner previously used, personnel-related costs would have been $1,150,000 greater. Altogether, personnel and administrative costs were lowered by over $2.3 million, which is an approxiamte 56% reduction over the old-style delivery system. More gratifying, however, is the fact that these efficiencies have benefited the disaster victims as well. Our analysis of disasters occurring prior to FY 85 shows that 95% of the applicants received assistance 31 to 54 days after they applied. Under our new procedures, an applicant can expect to receive a check within 15 days of application.

- FY 1987 Anticipated Recision and/or Deferrals: None.

- Economic Assumptions and Spendout Rate

FEMA is projecting outlays of approximately $663 million for 1986 and $150 million for 1987.

All estimates for the Disaster Relief Fund are based on historical activity. As such the estimates are expressed in constant dollars. By budget convention, no economic factors are used in arriving at these figures.

- Outyear Projections

Funding levels: FEMA is currently forecasting future budget requests of $100,000,000 annually.

Program costs are a function of the number, frequency and magnitude of disasters occurring in a given year. There will be continuing and expanded activity in hazard mitigation as FEMA works toward reducing disaster damage and losses. Concurrently, FEMA will attempt both to improve the efficiency of providing assistance, while at the same time implementing changes to limit average annual obligations.

- Reductions associated with proposed legislation and rulemaking:

	($000)
Average Base	$ 240,000
Reductions	
Public Assistance	
Disaster Declaration Indicators	- 16,000
Cost sharing, et.al.	- 65,000
Individual Assistance	
Cost sharing	- 7,500
Administration	- 2,300
Total Reductions	- 90,800
Net Requirements	150,000
Less Projected Recovery of Funds	- 50,000
FY 87 Appropriation Requirement	$ 100,000

DISASTER FUND
($000)

Fiscal Year	Request	Supplemental Request	Appropriation	Obligations	Carryover 1/
1974	100,000	300,000 32,600	432,600	374,827	196,360
1975	100,000	100,000	200,000	192,020	204,340
1976	150,000	-0-	150,000	242,725	111,615
Trans Qtr	37,500	-0-	37,500	83,301	65,814
1977	100,000	200,000	300,000	363,695	4,165
1978	150,000	150,000 150,000	440,716	442,947	6,280
1979	200,000	200,000	386,772	373,365	19,687
1980	193,600	870,000	1,063,600	849,095	234,192
1981	375,570	-0-	358,449	228,964	363,677
1982	400,000	-0-	301,694	115,114	527,984
1983	325,000	-0-	130,000	245,231	593,494
1984	-0-	-0-	-0-	296,420	386,494
1985	100,000	-0-	100,000	319,172	352,260
1986	194,000	250,000*	350,000	663,700	268,000
1987	100,000				
SUBTOTALS	1981-1985		890,143	1,204,901	2,223,909
AVERAGES	1981-1985		178,029	240,980	444,782
TOTALS			$4,251,331	$4,790,576	$3,316,362
AVERAGES			303,667	342,184	236,883

1/ Includes any additional recovery of prior year obligations.

* Currently requested but not appropriated as of this date.

SALARIES AND EXPENSES

DISASTER RELIEF ADMINISTRATION

FISCAL YEAR	FTE WORK YEARS	APPROPRIATIONS REQUEST	AVERAGE GRADE	AVERAGE SALARY
1985	144	$6,638,000	11	$36,068
Actual	160	6,974,000		
1986	144	6,641,000	11	39,020
Current Est	~~160~~ 155	6,260,000		
1987	144	6,587,000	11	39,305

REQUESTS FOR FEDERAL DISASTER ASSISTANCE UNDER PL 93-288

April 1, 1974 to September 30, 1985

	Requested by the States	Declared Major Disaster	Declared Emergencies	Fire Suppression Grants	Denials	Amendments
Major Disaster:	572	327	17	—	230	3
Emergencies:	131	—	74	—	56	1
Fire Suppression Grants:	78	—	—	40	38	—
TOTALS:	781	327	91	40	324	4

COMMENTS: Of the 572 requests for major disaster declarations, 57 percent resulted in a major disaster being declared.

If the requests for major disasters and emergencies are combined, there were 703 requests and 418 declarations—thus, 59 percent of the States' requests resulted in a Presidential declaration.

MAJOR DISASTER DECLARATIONS MADE UNDER
PL 93-288

April 1, 1974 to September 30, 1985

	NUMBER	PERCENT	
Severe Storms and Flooding	198	61	
Tornadoes	45	14	
Tornadoes and Flooding	27	8	
Hurricanes and Typhoons	22	7	
Severe Winter Weather	17	5	
Levee or dam failure	3	1	
Earthquake	4	1	
Volcanic eruption	2	—)	
Timber fire	3	—)	3
Urban fire	2	—)	
Drought	1	—	
Landslide	2	—	
Sewer explosion	1	—	
TOTAL	327	100%	

FY 85
Federal Emergency Management Agency
Major Disasters
Period of Declarations: 84/10/01—85/09/30

Contract	Region	State	Date Declared	Type
726	6	Texas	Oct 2, 1984	Severe storms and flooding
727	6	Texas	Oct 30, 1984	Severe storms and flooding
728	6	Louisiana	Oct 31, 1984	Severe storms and flooding
729	2	Virgin Islands	Dec 10, 1984	Tropical Storm Klaus
730	9	Arizona	Jan 15, 1985	Heavy rain and high winds
731	6	New Mexico	Jan 18, 1985	Severe storms and flooding
732	4	Florida	Mar 18, 1985	Serve freeze
733	2	New York	Mar 20, 1985	Flooding
734	2	New York	Mar 22, 1985	Snow melt and ice jams
735	5	Illinois	Mar 29, 1985	Severe storms and flooding
736	2	Puerto Rico	May 31, 1985	Storms, mud/landslides, flooding
737	3	Pennsylvania	Jun 3, 1985	Severe storms, high winds, and tornadoes
738	5	Ohio	Jun 3, 1985	Severe storms and tornadoes
739	9	California	Jul 18, 1985	Grass, wildlands, and forest fires
740	8	Wyoming	Aug 7, 1985	Severe storms, hail and flooding
741	4	Mississippi	Sep 4, 1985	Hurricane Elena
742	4	Alabama	Sep 7, 1985	Hurricane Elena
743	4	Florida	Sep 12, 1985	Hurricane Elena
744	5	Michigan	Sep 18, 1985	Severe storms and flooding

FY 86 to 12-31-85
Major Disasters

Contract	Region	State	Date Declared	Type
745	3	Pennsylvania	Oct 8, 1985	Hurricane Gloria
746	2	Puerto Rico	Oct 10, 1985	Severe storms, flooding, and mudslides
747	1	Connecticut	Oct 11, 1985	Hurricane Gloria
748	1	Rhode Island	Oct 15, 1985	Hurricane Gloria
749	2	New Jersey	Oct 15, 1985	Hurricane Gloria
750	2	New York	Oct 18, 1985	Hurricane Gloria
751	1	Massachusetts	Oct 28, 1985	Hurricane Gloria
752	6	Louisiana	Nov 1, 1985	Hurricane Juan
753	3	West Virginia	Nov 7, 1985	Severe storms and flooding
754	3	Pennsylvania	Nov 8, 1985	Severe storms and flooding
755	3	Virginia	Nov 9, 1985	Severe storms and flooding
756	4	Florida	Dec 3, 1985	Hurricane Kate

Federal Emergency Management Agency
Washington, D.C. 20472

February 10, 1986

Funds Appropriated to the President--Disaster Relief FY 1986 Supplemental Fact Sheet

- On October 1, 1985, the balance carried forward in the Disaster Relief fund was $268 million.

- The 1986 HUD-Independent Agencies Appropriation Act provides $96 million, (after the Gramm-Rudman-Hollings reduction) for a total FY 1986 budget of $364 million.

- From October 1 through December 3, 1985, the President declared 12 major disasters with a total cost to the fund of $389 million.

- Ongoing operations from other declared disasters will require $58 million in FY 1986 (after adjustment for recoveries).

- Based on historical experience, new disaster activity for the balance of FY 1986 (February through September) is projected to require $167 million.

- October through December declarations of $389 million, plus ongoing declarations of $58 million, plus projected new declarations of $167 million totals $614 million (net of recovery) against a budget of $364 million, leaving a shortfall of about $250 million.

- Obligations through January 31, were $252 million, leaving a fund balance of only $112 million.

- Obligations for February and March are projected to average $60 million a month, depleting the fund by the end of March--assuming no new disasters are declared in February and March.

- The shortfall requires an FY 1986 supplemental of $250 million.

Administrator
General Services Administration
Washington, DC 20405

February 27, 1986

Honorable Robert T. Stafford
Chairman, Committee on Environment
and Public Works
United States Senate
Washington, DC 20510

Dear Mr. Stafford:

This letter is in response to your inquiry of January 28, 1986, which requested information on the proposed budget for fiscal years 1986 and 1987. Conversations at staff level indicate that the questions are primarily directed toward the Public Buildings Service area and so are answered accordingly on the enclosure to this letter.

I would be pleased to respond to any further questions you may have or to attend a hearing should one be scheduled.

Sincerely,

TC Golden

Terence C. Golden

Enclosures

Attachment

1. Please discuss the effect of proposed sequestrations of FY 86 funds on the General Services Administration's programs. Will agency staff levels be reduced and what projects will be affected or terminated as a result?

   The Balanced Budget and Emergency Deficit Control Act of 1985 affects only the direct fiscal year 1986 appropriation to the Federal Buildings Fund. This $7,000,000 appropriation was for two projects and has been sequestered as follows:

Project	Appropriated	Sequestration	Remainder
Beltsville, MD, James Rowley Law Enforcement Center (Repairs and Alterations)	$5,000,000	$-215,000	$4,785,000
Mesa, AZ, Federal Center (Design and Const. Svcs.)	2,000,000	-86,000	1,914,000

   Agency staff levels will not be reduced as a result of this reduction; further, it is anticipated that both projects can be completed at the reduced level.

2. Please discuss in detail the budget request for fiscal year 1987. How do these figures compare to the amounts actually appropriated in FY 86 and with levels of funding if the proposed sequester takes affect?

   The attached summary shows funding for the Federal Buildings Fund for fiscal years 1985-1987. The proposed sequestration in fiscal year 1986 will not have any substantive impact on the ability of the Public Buildings Service to carry out its programs in fiscal year 1987.

3. Please discuss the rationale for the increases or decreases in the level of funding for fiscal year 1987. In areas where programs are increased, indicate whether these increases are tied to new agency initiatives or reflect increases in ongoing programs. Specify what the additional funds will provide. In the programs where reductions have been made, what specific areas of program will be reduced or eliminated, and what will be the effect of these reductions on operation of the program? What changes are made in program priorities?

   The schedules attached show levels of funding for the various activities of the Federal Buildings Fund for fiscal years 1985-1987. Individual activity sheets show the rationale for increases and decreases as well as discussing any major program initiatives and changes in program priorities.

4. What personnel increases or decreases are being proposed? How will this affect the agency's ability, including any additional time it will take, to carry out its program responsibilities?

A reduction of 893 FTE and attendant funding in direct programs is being proposed for fiscal year 1987 in the Real Property Operations activity. This decrease will result from improved work methods, expanded use of private contracts, and other operational efficiencies to be achieved through implementation of the provisions of OMB Circular A-76. These reductions will take place in the operational areas of cleaning, maintenance and protection of public buildings. We do not anticipate that ability to carry out these programs will be impaired by the reduction in personnel.

A reduction of 988 FTE is proposed for fiscal year 1987 in the Federal Buildings Fund reimbursable activities. Most of this reduction (940 FTE) results from transferring in fiscal year 1987 all operational functions of the National Security Agency (NSA) facility at Ft. Meade, Maryland to NSA. The additional reduction of 48 FTE will be achieved through productivity improvement and operational efficiencies.

5. Please indicate if any legislative initiatives are necessary, or are being considered, to implement any part of the agency's fiscal year 1987 budget request. If so, please describe these proposals and specify the budgetary impact of each provision.

The reduction in FTE and attendant dollar savings referred to in the previous question cannot be accomplished unless current appropriation language placing constraints on contracting certain positions (guards, elevator operators, messengers and custodians) is deleted. GSA is recommending deletion of this language, commonly referred to as the "Edgar Amendment", in fiscal year 1987.

General Services Administration

FEDERAL BUILDINGS FUND
Summary

The Federal Buildings Fund is a revolving fund which, from revenues derived from rental charges to Federal agencies for space which they occupy in Government-owned or leased space buildings, finances all aspects of the GSA real property programs. These programs include the acquisition of space through direct Federal construction, or purchase of existing buildings; the repair and alteration of public buildings; payments of liabilities for facilities acquired through purchase contract authority; acquisition of space through leasing from the private sector; the day-to-day operations of Government-owned and leased facilities; and general management and administration of all real property programs.

PROGRAM BY ACTIVITIES
$(Thousands)

Federal Buildings Fund Summary.	FY 1985	FY 1986	FY 1987	Change 1986 to 1987
Construction & Acquisition of Facilities	$150,141	$ 243,619	$100,000	$-143,619
Repairs and Alterations	230,201	249,796	362,044	+112,248
Design & Const. Svcs.	84,507	133,227	72,442	+60,785
Purchase Contracts Pmt.	178,911	135,100	143,442	+8,342
Rental of Space	855,059	885,300	935,100	+49,800
Real Property Ops.	689,899	709,678	734,319	+24,641
Program Direction	118,509	55,481	57,090	+1,609
Special Projects	348	--	--	--
Total, New Obli. Auth.	$2,307,575	$2,412,201	$2,404,437	$-7,764
Compensable Workyears	11,104	11,497	10,604	-893

EXPLANATION OF CHANGES	
Inflationary impact on PBS programs	+62,414
FY 1987 Construction prog.	-143,619
FY 1987 R&A program	+112,248
FY 1987 Design & Const. Services program	-60,785
Productivity & A-76 savings	-5,837
Increase in fuel/utility costs	+9,056
Net change to leased space inventory	+7,573
Other net changes	+11,186
Total	$ -7,764

FY 1987 PROGRAM PERSPECTIVE. Projected total resources of $2,413,700 thousand will support GSA's provision of real property management services at a level commensurate with that of FY 1986 as well as a substantial increase in the Repairs and Alterations area. Continued emphasis will be placed on the President's Workspace Reform initiative. Direct construction and line item repairs and alterations projects are shown individually at the activity level. Additional details on the FY 1987 real property programs can be found on each of the activity justifications.

General Services Administration

FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities

A no-year activity which provides suitable facilities to house Federal agencies through direct construction of new buildings, extensions to existing buildings, acquisition of United States Postal Service properties and the purchase of commercial buildings from the private sector.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1985	FY 1986	FY 1987	Change 1986 to 1987
Const. & Acq. of Fac.				
New Const. Projects:				
- FY 1987 Projects	--	--	$2,680	$+2,680
- FY 1986 Projects	--	$243,019	--	-243,019
- FY 1985 Projects	$ 58,264	--	--	--
Subtotal, New Const.	$ 58,264	$243,019	$2,680	$-240,339
Acq. of Excess USPS Properties	1,700	--	--	--
Purchase of Commercial Buildings	84,952	--	95,263	+95,263
Const. Proj. of Less than $500,000	1,000	400	1,000	+600
Project Claims	4,225	200	1,057	+857
Total, New Obli. Auth.	$150,141	$243,619	$100,000	$-143,619
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES	
FY 1987 New Construction Projects	$ +2,680
FY 1986 New Construction Projects	-243,019
Const. Proj. of less than $500,000	+600
Construction Claims	+857
Purchase of Commercial Buildings	+95,263
Total Change	$-143,619

FY 1987 PROGRAM PERSPECTIVE. The FY 1987 Construction and Acquisition of Facilities activity places primary emphasis on purchase of commercial buildings except to meet specialized space needs which cannot be met through leasing such as border stations, etc., as well as increasing the ratio of Government-owned leased space. This activity funds site acquisition and construction costs only; design and supervision costs for all projects are funded by the Design and Construction Services activity.

General Services Administration
FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities
Detail of New Obligational Authority
($ Thousands)

FY 1987	
New Construction: Columbus, NM, Border Station	$ 2,680
Purchase: Wellesley Island, NY, Border Station	1,925
Other Selected Purchases	93,338
Claim: Columbia, SC, Federal Building - Courthouse	1,057
Construction Projects Less Than $500,000	1,000
Total, FY 1987	$100,000
FY 1986	
New Construction:	
Los Angeles, CA, Federal Building-Courthouse-Parking Facility	$137,198
Eastport, ID, Border Station	2,147
Overland, MO, National Personnel Records Center, Extensions	48,932
Newark, NJ, Federal Building	44,975
Seattle, WA, Laboratory	9,767
Claim: Atlanta, GA, Russell Federal Building	200
Construction Projects Less Than $500,000	400
Total, FY 1986	$243,619
FY 1985	
New Construction:	
Long Beach, CA, Federal Building	$ 42,617
Washington, DC, Old Post Office	1,750
El Paso, TX, Border Station	6,893
Lynden, WA, Border Station	2,386
Sumas, WA, Border Station	4,618
Purchase: Scotia, NY, Depot	3,000
Other Selected Purchases	81,952
Acquisition from USPS	1,700
Claim: Washington, DC, Forrestal Building	3,000
Fort Lauderdale, FL, Federal Building-Courthouse	405
Columbia, SC, Federal Building-Courthouse	820
Construction Projects Less Than $500,000	1,000
Total, FY 1985	$150,141

General Services Administration

FEDERAL BUILDINGS FUND
Repairs and Alterations

Repairs and Alterations of public buildings are funded under this activity. Safety, the state of repair, and operating efficiency of facilities are the principal criteria used in establishing priorities of work required with primary consideration given to repairs to prevent deterioration and damage to the buildings, their support systems, and necessary operating equipment.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1985	FY 1986	FY 1987	Change 1986 to 1987
Repairs and Alterations				
Line item projects (proj. over $500,000)	$100,476	$120,608	$215,860 1/	$ +95,252
Non-line item projects	129,725	129,188	146,184	+16,996
Total, New Obli. Auth.	$230,201	$249,796	$362,044	$+112,248
Compensable Workyears	--	--	--	--

1/ Project listing on succeeding page.

EXPLANATION OF CHANGES

The change in the FY 1987 program over FY 1986 is categorized by major functional area as follows:

A. Basic Repairs	$ +62,250
B. Health and Safety	+40,281
C. Vacant Space Alterations	+5,181
D. Courts	+13,840
E. Special Programs	-9,600
F. Historic Preservation	-16,700
G. Non-line item projects	+16,996
Total	$+112,248

FY 1987 PROGRAM PERSPECTIVE. The FY 1987 program reflects increased emphasis on basic repairs and health and safety projects. Projects less than $500,000, important to GSA's goal of customer agency satisfaction, are provided at a slightly higher level than that of the previous year.

The above estimates are for costs of construction only; design and other related costs are included in the Design and Construction Services activity.

General Services Administration
FEDERAL BUILDINGS FUND
Repairs and Alterations

FY 1987 Line Item Project Listing

CATEGORY/PROJECT	
BASIC REPAIRS	
Brooklyn, NY; Federal Bldg #2	$9,544
Washington, DC Steam Dist. System	13,796
Milwaukee, WI; Federal Bldg.-U.S. Courthouse	2,799 **
New Orleans, LA; F. Edward Hebert Federal Bldg	9,928 *
Asheville, NC; Federal Bldg	7,847
Kansas City, MO; 2306 E. Bann., Federal Bldg	4,408
Arlington, VA; Federal Bldg. #2	7,464
Portland, OR; Federal Bldg	12,069 ***
Washington, DC; Federal Bldg.-New Post Office	1,700
Birmingham, AL; Federal Bldg.-U.S. Courthouse	3,899
Chicago, IL; Railroad Retirement Board Bldg	5,200
Dallas, TX; 1114 Commerce St., Federal Bldg	1,600
Boston, MA; JFK Federal Bldg., Phase I	13,544 *
East St. Louis, IL; Federal Bldg.-U.S. Courthouse	3,762
San Antonio, TX; Post Office-Courthouse	6,078
Trenton, NJ; Federal Bldg.-U.S. Courthouse	2,070
SUBTOTAL, BASIC REPAIRS (16 projects)	$105,708
HEALTH AND SAFETY	
Arlington, VA; Pentagon	$12,420 **
San Francisco, CA; 450 Golden Gate, Philip Burton Federal Bldg.-Courthouse	20,000 ***
Miami, FL; Federal Bldg	11,481 *
Washington, DC, Federal Building 6	1,213 **
Washington, DC, Federal Building 8	1,886 **
Washington, DC, Federal Building 9	1,713 **
Washington, DC, Federal Building 10A	1,121 **
Washington, DC, General Accounting Office	3,552 **
Washington, DC, Justice	599 **
Washington, DC, State	2,765 **
Kansas City, MO, FB 601 E. 12th	997 **
Kansas City, MO, FB 1500 E. Bannister	2,560 **
St. Louis, MO, FC 4300 Goodfellow	2,176 **
SUBTOTAL, HEALTH AND SAFETY (13 projects)	$62,483

* Asbestos abatement projects
** PCB abatement projects
*** Includes both asbestos and PCB abatement

General Services Administration

FEDERAL BUILDINGS FUND

Repairs and Alterations

VACANT SPACE ALTERATIONS	
San Diego, CA; Federal Bldg.-Old Courthouse	$1,576
New York, NY; 1 Bowling Green, Customhouse	8,000
St. Louis, MO; Mart Federal Bldg., Phase I	20,000 **
SUBTOTAL, VACANT SPACE ALTERATIONS (3 project)	$29,576
COURTS	
San Diego, CA; Federal Bldg.-Courthouse	$1,178
Honolulu, HI; Federal Bldg.-Courthouse	1,850
Las Vegas, NV; Federal Bldg.-U.S. Courthouse	2,197
Los Angeles, CA; 300 N. L.A., Federal Bldg	7,825
Phoenix, AZ; Federal Bldg.-U.S. Courthouse	762
San Francisco, CA; US Court of Appeals-Post Office	1,683
Salt Lake City, UT; Post Office/U.S. Courthouse	675
Casper, WY; Federal Bldg.-U.S. Courthouse	1,923
SUBTOTAL, COURTS (8 projects)	$18,093
LINE ITEM PROJECTS, TOTAL (40 projects)	$215,860
NON-LINE ITEM PROJECTS, TOTAL	$146,184
TOTAL FY 1987 NEW OBLIGATIONAL AUTHORITY	$362,044

** Includes PCB abatement

General Services Administration

FEDERAL BUILDINGS FUND

Design and Construction Services

This budget activity provides for the direct funding, under a no-year authorization, of both in-house and contract costs of the design and management/inspection phases of new construction and repairs and alterations projects as well as non-project related technical services. This activity, initiated in FY 1985, replaces funding for services which were previously included in individual projects.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1985	FY 1986	FY 1987	Change 1986 to 1987	EXPLANATION OF CHANGES
Design & Construction Services.					Decrease in provision of all expenses related to design, design and contract review and other technical services related to construction and repairs and alterations. $-60,785
Technical services related to design, construction and contract review.	84,507	$133,227	$72,442	$-60,785	
Total, New Obli. Auth.	84,507	$133,227	$72,442	$-60,785	
Compensable Workyears	603	682	682	--	

FY 1987 PROGRAM PERSPECTIVE. This activity provides for the full range of design and construction services relating to all direct construction and repairs and alterations projects as well as non-project related technical services. Included in project design is the development of detailed plans and specifications, working drawings and surveys and tests. Management and inspection of projects involves the physical examination of the quality and quantity of work put in place. The technical services function includes inspections to identify fire and life safety hazards and asbestos problems, buildings evaluations and development of handbooks and other program guidance.

General Services Administration

FEDERAL BUILDINGS FUND

Purchase Contract Payments

Through laws enacted in 1954 and 1972, GSA built 73 facilities under purchase contract arrangements. These purchase contracts require the Government to make periodic payments of principal, interest, and taxes until title is vested with the Government after 30 years of such payments.

PROGRAM BY ACTIVITIES
$(Thousands)

Purchase Contract Pmts.	FY 1985	FY 1986	FY 1987	Change 1986 to 1987
Package System Projects:				
a) 5 proj. under purch. contr. auth. by the Public Bldgs. Purch. Contr. Act of 1954.	$ 1,912	$ 270	$ --	$ 270
b) 23 proj. under purch. contr. authorized by the Public Bldgs. Amendments of 1972.	13,696	11,792	11,174	-618
Subtotal, package system projects	$15,608	$12,062	$11,174	-888
Dual System Projects:				
a) 45 proj. under purch. contract auth. by the Public Buildings Amendments of 1972.	163,303	123,038	132,268	+9,230
Total, New Obli. Authority	$178,911	$135,100	$143,442	$+8,342
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES

Payments made on purchase contract projects are composed of principal, interest, taxes & administrative expenses. Changes in these categories from 1986 to 1987 are shown below:

Principal	+5,097
Interest	-2,819
Taxes	+6,064
Administrative Exp.	--
Total	$ +8,342

FY 1987 PROGRAM PERSPECTIVE. Resources are required to make payments of principal interest and taxes on projects completed under the 1972 Act only. The borrowings to pay for the projects under the 1954 Act will have been retired in FY 1986 and title will pass to the Government; thus, no payments are necessary for these projects in FY 1987.

General Services Administration

FEDERAL BUILDINGS FUND
Rental of Space

This activity provides for all costs related to the acquisition of leased space, including payments for existing leases, projected new leases to be negotiated, rental rate increases estimated to occur and for all related buildings services furnished by lessors under the terms of lease agreements.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1985	FY 1986	FY 1987	Change 1986 to 1987
Rental of Space				
Rental of leased space and related services	$830,210	$860,451	$910,251	$ +49,800
Payments to USPS	24,849	24,849	24,849	--
Total, New Obli. Auth.	$855,059	$885,300	$935,100	$ +49,800
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES	
Agency expansion space acquired in 1986 & 1987.	$+57,213
Release of leased space in 1986 and 1987.	-49,640
Commercial rental rate increases in 1986 and 1987.	+42,227
Total	$+49,800

FY 1987 PROGRAM PERSPECTIVE. During FY 1987, GSA will continue to intensify efforts to improve space utilization of Federal agencies through implementation of the President's Work Space Management Initiative. This initiative emphasizes that it is the primary role of agencies to reduce space; GSA's role is to issue guidelines and regulations, to coordinate collection of data, and report upon results. The goal for office space utilization rate remains at 135 square feet (plus supplemental space factor) per employee. GSA also will continue efforts to reduce vacant space although its ratio to total space of 4.4% compares favorably with the private sector.

General Services Administration

FEDERAL BUILDINGS FUND
Real Property Operations

This activity provides for the operation of all Government-owned facilities under the jurisdiction of GSA and for building services in leased space in the GSA inventory where the terms of the lease do not require the lessor to furnish such services. Services included in building operations are cleaning, protection, maintenance, payments for utilities, fuel and other miscellaneous activities such as grounds maintenance, elevator operations, lease administration and day-to-day servicing of tenants' needs. The space, operations, and services referred to above are furnished by GSA to its tenant agencies in return for payment of the rental charge, just as in the private sector, tenants pay rent for space and services provided by lessors.

PROGRAM BY ACTIVITIES
$(Thousands)

Real Property Operations	FY 1985	FY 1986	FY 1987	Change 1986 to 1987
Cleaning	$181,721	$167,530	$174,450	$ +6,920
Utilities and Fuel	221,356	215,610	225,697	+10,087
Maintenance	134,218	127,154	132,009	+4,855
Other Buildings Services	63,068	74,900	81,782	+6,882
Protection	56,116	58,064	59,914	+1,850
Other Staff Support *	7,045	37,280	37,670	+390
Delegated Buildings	17,000	15,057	18,597	+3,540
ADP Support	9,375	14,083	4,200	-9,883
Total, New Obli. Auth.	$689,899	$709,678	$734,319	$+24,641
Compensable Workyears	8,826	10,409	9,516	-893

EXPLANATION OF CHANGES	
Buildings services in new space. (Net of space released)	$ +2,419
Savings from energy conservation	-2,156
Increased fuel and utility costs.	+9,056
Inflationary impact on contracts, supplies and materials.	+11,979
Productivity and A-76 savings.	-5,837
Other changes.	+9,180
Total change	$+24,641

* Fiscal Years 1986 and 1987 include functional transfers of activities from Program Direction.

FY 1987 PROGRAM PERSPECTIVE. The FY 1987 program provides for a level of buildings services commensurate with that provided in FY 1986. Major initiatives include the delegation to agencies for operational responsibility of single tenant Government-owned and leased buildings. These delegations will be completed in FY 1986; starting in FY 1988, GSA will budget for all delegated buildings and transfer funding to the participating agencies.

General Services Administration

FEDERAL BUILDINGS FUND

Program Direction

The Program Direction Activity provides for the overall general management, long and short-range planning, development of policy, program control and evaluation, and administration of all programs which are the responsibility of the Public Buildings Service. It also provides for certain support services which are funded on a centralized basis.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1985	FY 1986	FY 1987	Change 1986 to 1987	EXPLANATION OF CHANGES	
Program Direction						
Real Estate	$30,806	$ --	$ --	$ --	Inflationary impact on support services	+1,538
Real Property Operations	20,074	--	--	--	Other changes	+71
Overall Direction	16,278	18,235	19,611	+1,376	Total change	+1,609
Centralized Services	16,101	17,346	17,579	+233		
ADP Support	35,250	19,900	19,900	--		
Total, New Obli. Auth.	$118,509	$55,481	$ 57,090	$+1,609		
Compensable Workyears	1,675	406	406	--		

FY 1987 PROGRAM PERSPECTIVE. The budget includes funding for STRIDE systems development as well as continued operation of the existing information system. Other activities continued at the same program level as FY 1986.

United States Department of the Interior

NATIONAL PARK SERVICE
NATIONAL CAPITAL REGION
1100 OHIO DRIVE, S. W.
WASHINGTON, D.C. 20242

11 FEB 1986

Honorable Robert T. Stafford
Chairman, Committee on Environment
  and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Thank you for your letter of January 28, signed jointly by you and the Honorable Lloyd Bentsen concerning the requirement of your Committee to make a report to the Committee on the Budget with recommendations of Fiscal Year 1987 spending levels, for the programs within your Committee's jurisdiction.

We are pleased to provide the enclosed information on the Fiscal Year 1987 budget request for the John F. Kennedy Center for the Performing Arts.

We hope this information will be helpful to the Committee.

Sincerely,

Manus J. Fish J.

Regional Director, National Capital Region

Enclosures

January 25, 1986

National Park Service
John F. Kennedy Center for the Performing Arts

Program by Activities

The Park Management proposed funding level for FY 87 is $4,771,000, which maintains the same level of funds as the FY 86 appropriations. This represents the National Park Service share of expenses for operating the Center. Attachment A details the cost components by object class for this proposed funding level and the Kennedy Center Board share for each. The cost share formula applies to all non-performing arts functions except security, ground maintenance and visitor services. Further detail on specific projects included in the object classes for the proposed funding level is also provided in Attachment A(1).

Attachment B displays the cyclic and non-recurring maintenance program.

The Park Management funding level for FY 86 is $4,566,000, which represents the National Park Service share of expenses and reflects the Congressional reduction of .6 percent ($29,000) and the 4.3 percent Gramm-Rudman reduction ($205,000). Attachment C provides the FY 86 shared and non-shared expenses, with an itemized list of FY 86 utility costs and maintenance contracts in Attachment C(1).

Attachment D provides a list of impacts as a result of the .6 percent Congressional reduction and the proposed 4.3 percent Gramm-Rudman reduction.

Attachment E details a comparison of FY 86 appropriations, FY 86 funding after the proposed sequestration, and the FY 87 budget request.

Economic Assumptions and Spendout Rate

We have built in a 5 percent inflation factor on four service contracts. All appropriated funds for NPS-Kennedy Center operations will be obligated in FY 1987.

Outyear Program Changes/Funding Levels

As a result of the Gramm-Rudman and Congressional reductions in FY 86 many cyclic maintenance programs have been delayed to FY 1987 and beyond. The FY 1987 deficit reduction levels for the Department of Interior will be met by making programmatic adjustments that will not effect the Park Management funding level at the Kennedy Center.

Salaries and Expenses - FY 87 compared to FY 86

	FY 86	FY 87
Full-time permanent positions	65	64
Total compensable workyears (FTEs)	77	77
Average GS grade	6.003	6.43
Average GS salary	$15,339	$17,317
Average ungraded salary	$23,403	$23,759

The decrease of a permanent maintenance position through attrition will not affect the National Park Service ability to carry out its responsibilities at the Kennedy Center. The duties of this position will be absorbed by another member of the staff.

Legislative Initiative

The National Park Service recommended to the Department of Interior that authorizing legislation for the John F. Kennedy Center for FY 1987 be submitted to Congress, which will allow the service to continue to exercise its responsibility, as required by law beyond September 30, 1986.

Attachment A

January 25, 1986

JOHN F. KENNEDY CENTER
FY '87

		Shared Expenses			
O/C No.		K.C. Share 23.8%	NPS Share 76.2%	Non-Shared Expenses Sole Responsibility of NPS*	Total
11.1	F/T Permanent	221,200	708,200	600,000	1,529,400
11.3	Career Seasonal	10,400	33,200		43,600
11.3	Part Time	7,100	22,900	90,800	120,800
11.3	Temporary			24,900	24,900
11.5	Other Personnel Comp.	11,800	37,700	27,300	76,800
12.1	Personnel Benefits	31,800	102,000	65,300	199,100
TOTAL PERSONNEL COSTS		282,300	904,000	808,300	1,994,600
21	Travel & Transp. Persons	2,000	4,000		6,000
23	Utilities	488,000	1,563,000		2,051,000
24	Printing & Reprod.	1,900	6,100		8,000
25	Other Services	360,800	1,155,400	215,000	1,731,200
26	Supplies & Materials	32,500	103,900	11,300	147,700
	TOTALS	1,167,500	3,736,400	1,034,600	5,938,500
	Less K.C. Share				-1,167,500
					4,771,000

*Security, grounds maintenance and visitor services are non-performing arts functions for which NPS is solely responsible.

Attachment A-1

January 25, 1986

FY '87

Utilities and Maintenance Contracts

O/C				K.C. Share 23.8%	NPS Share 76.2%
23		Electricity	$ 2,035,000	484,300	1,550,700
		Telephones & Walkie Talkies	16,000	3,700	12,300
			2,051,000	488,000	1,563,000
25	C/M	Roof repairs	50,000	11,900	38,100
		Elevator & escalator maintenance*	98,900	23,500	75,400
		Housekeeping*	911,400	216,900	694,500
		Pest Control	1,000	300	700
		Trash collection*	12,500	3,000	9,500
	C/M	Clean German Friezes	15,000		15,000
	C/M	Purchase carpet for G/F, H/M and H/S	200,000	47,600	152,400
	M/R	Modify HVAC System - USPP Office	7,000	1,700	5,300
		HVAC maintenance*	26,900	6,400	20,500
		Tour Assts. & Memorial Security	200,000		200,000
	C/M	Replace vertical expansion joints	15,000	3,600	11,400
	C/M	Inspect, clean and polish interior marble panels	18,000	4,300	13,700
	C/M	Minor structural inspection - exp. joints	16,000	3,800	12,200
	C/M	Recaulk Terraces (upper level)	19,500	4,600	14,900
	C/M	Clean flags	5,300	1,200	4,100
		Miscellaneous contracts (inc. Elevator inspection, security system maintenance, carpet storage, office equipment maintenance, training, grounds equipment maintenance, etc.)	134,700	32,000	102,700
			1,731,200	360,800	1,370,400

*Increased by 5% for inflation

Attachment B

Page No. 1
02/11/86

KENNEDY CENTER
CYCLIC AND NON-RECURRING MAINTENANCE PROGRAM

CYCLE	PROJ NO.	PROJ TITLE	FY PROJECT LAST ACCOMP	FY 85 EST AUTH ACTUAL	FY 86 EST AUTH ACTUAL	FY 87 EST AUTH ACTUAL	FY 88 EST AUTH ACTUAL	FY 89 EST AUTH ACTUAL	FY 90 EST AUTH ACTUAL	FY 91 EST AUTH ACTUAL	REMARKS
1	011	ROOF REPAIRS	FY84	50.0 0.0 0.0	50.0 40.0 0.0	50.0 0.0 0.0	50.0 0.0 0.0	50.0 0.0 0.0	50.0 0.0 0.0	50.0 0.0 0.0	FUNDS PROGRAMMED EVERY YEAR TO MAINTAIN ROOF. PROGRAM REDUCED IN FY 86 DUE TO CONGRESSIONAL REDUCTION.
3	003	RECAULK TERRACE	FY84	0.0 0.0 0.0	0.0 0.0 0.0	19.5 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	19.5 0.0 0.0	0.0 0.0 0.0	
3	004	REFINISH BRONZE DOORS AND HANDRAILS	FY84	0.0 0.0 0.0	0.0 0.0 0.0	20.0 0.0 0.0	20.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	20.0 0.0 0.0	DEFERRED TO FY 88 DUE TO GRAMM-RUDMANN REDUCTION.
3	013	MINOR STRUCTURAL INSPECTION		16.0 0.0 0.0	16.0 0.0 0.0	16.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	16.0 0.0 0.0	0.0 0.0 0.0	DEFERRED TO FY 85 DUE TO INCREASED ELECTRIC AND ROOF REPAIR COSTS. DEFERRED TO FY 86 TO OFFSET 2 PERCENT CONGRESSIONAL REDUCTION AND ABSORTION OF FY 85 PAY INCREASE. DEFERRED TO FY 87 DUE TO HIGHER PRIORITY UNPROGRAMMED NEEDS. (WORK ENTAILS INSPECTION OF WALLS, ESCALATORS AND INTERNAL EXPANSION JOINTS.)
3	017	INSPECT CLEAN AND POLISH INTERIOR MARBLE PANELS		18.0 0.0 0.0	18.0 0.0 0.0	18.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	18.0 0.0 0.0	0.0 0.0 0.0	DEFERRED TO FY 85 DUE TO ABSORPTION OF FY 84 PAY INCREASE. DEFERRED TO FY 86 DUE TO 2 PERCENT CONGRESSIONAL REDUCTION AND ABSORPTION OF FY 85 PAY INCREASE. DEFERRED TO FY 87 DUE TO CONGRESSIONAL REDUCTION.

KENNEDY CENTER
CYCLIC AND NON-RECURRING MAINTENANCE PROGRAM

CYCLE	PROJ NO.	PROJ TITLE	FY PROJECT LAST ACCOMP	FY 85 EST AUTH ACTUAL	FY 86 EST AUTH ACTUAL	FY 87 EST AUTH ACTUAL	FY 88 EST AUTH ACTUAL	FY 89 EST AUTH ACTUAL	FY 90 EST AUTH ACTUAL	FY 91 EST AUTH ACTUAL	REMARKS
3	024	PAINT INTERIOR CEILING TILES		0.0 0.0 0.0	17.0 0.0 0.0	0.0 0.0 0.0	17.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	17.0 0.0 0.0	DEFERRED TO FY 86 DUE TO INCREASED ELECTRIC AND ROOF REPAIR COSTS. DEFERRED TO FY 88 DUE TO GRAMM-RUDMANN REDUCTION.
3	047	REFINISH, RESEAL & STAIN NO. & SO. GALLERY FLOORS	FY83	0.0 0.0 0.0	20.0 0.0 0.0	0.0 0.0 0.0	20.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	20.0 0.0 0.0	DEFERRED TO FY 88 DUE TO HIGHER PRIORITY UNPROGRAMMED NEEDS.
4	014	REPLACE VERTICAL EXPANSION JOINTS	FY84	0.0 15.0 0.0	15.0 0.0 0.0	15.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	15.0 0.0 0.0	DEFERRED TO FY 85 DUE TO INCREASED ELECTRIC AND ROOF REPAIR COSTS. DEFERRED TO FY 86 TO OFFSET 2 PERCENT CONGRESSIONAL REDUCTION AND ABSORPTION OF FY 85 PAY INCREASE. (WORK ENTAILS INSPECTION OF WALLS, ELEVATORS AND INTERNAL EXPANSION JOINTS.) DEFERRED TO FY 87 DUE TO FUNDING RESTRICTIONS AND HIGHER PRIORITY NEEDS.
4	019	SCULPTURE CLEANING (GERMAN FREIZES)		15.0 0.0 0.0	0.0 0.0 0.0	15.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	15.0 0.0 0.0	DEFERRED TO FY 85 DUE TO ABSORPTION OF FY 84 PAY INCREASE. DEFERRED TO FY 87 DUE TO 2 PERCENT CONGRESSIONAL REDUCTION AND ABSORPTION OF FY 85 PAY INCREASE. NOT PROGRAMMED IN FY 86 DUE TO INCREASED ESTIMATE FOR ELECTRIC COSTS.
4	028	INSPECT & REPAIR EXPANSION JOINTS - EAST PLAZA DRIVE	FY83	0.0 0.0 0.0	0.0 0.0 0.0	12.5 0.0 0.0	12.5 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	DEFERRED TO FY 88 DUE TO FUNDING CONSTRAINTS AND HIGHER PRIORITY NEEDS.

KENNEDY CENTER
CYCLIC AND NON-RECURRING MAINTENANCE PROGRAM

CYCLE	PROJ NO.	PROJ TITLE	FY PROJECT LAST ACCOMP	FY 85 EST AUTH ACTUAL	FY 86 EST AUTH ACTUAL	FY 87 EST AUTH ACTUAL	FY 88 EST AUTH ACTUAL	FY 89 EST AUTH ACTUAL	FY 90 EST AUTH ACTUAL	FY 91 EST AUTH ACTUAL	REMARKS
5	018	PAINT SEAWALL RAIL		5.0 0.0 0.0	5.0 5.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	5.0 0.0 0.0	DEFERRED TO FY 85 DUE TO ABSORPTION OF FY 84 PAY INCREASE. DEFERRED TO FY 86 DUE TO 2 PERCENT CONGRESSIONAL REDUCTION AND ABSORPTION OF FY 85 PAY INCREASE. ANTICIPATE WORK WILL BE DONE BY NPS STAFF.
7	005	PAINT GRAND FOYER WALLS		50.0 50.0 50.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	CONTRACT AWARD DEFERRED TO FY 85 DUE TO INCREASE IN ELECTRIC AND ROOF REPAIR COSTS. HOWEVER, INFORMATION RECEIVED LATE SEPTEMBER 84 INDICATED REVISED ESTIMATE OF $50,000. CONTRACT AWARDED JANUARY 1985.
7	016	CLEAN FLAGS	FY73	5.3 5.3 0.0	0.0 0.0 0.0	5.3 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	DEFERRED TO FY 85 TO ACCOMMODATE WORK SEQUENCE IN GRAND FOYER. DEFERRED TO FY 87 TO COINCIDE WITH PROJECT NO. 017.
7	036	PAINT CEILINGS - NORTH & SOUTH GALLERIES		0.0 0.0 0.0	0.0 0.0 0.0	38.0 0.0 0.0	38.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	DEFERRED TO FY 88 DUE TO FUNDING RESTRICTIONS.
8	002	PURCHASE/REPLACE CARPET PAD GF, H/M, H/S		10.0 10.0 10.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	
8	006	PURCHASE/REPLACE WALLSCAPE		0.0 260.0 134.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	CYCLE RESUMES IN FY93.

KENNEDY CENTER
CYCLIC AND NON-RECURRING MAINTENANCE PROGRAM

CYCLE	PROJ NO.	PROJ TITLE	FY PROJECT LAST ACCOMP	FY 85 EST AUTH ACTUAL	FY 86 EST AUTH ACTUAL	FY 87 EST AUTH ACTUAL	FY 88 EST AUTH ACTUAL	FY 89 EST AUTH ACTUAL	FY 90 EST AUTH ACTUAL	FY 91 EST AUTH ACTUAL	REMARKS
8	007	CLEAN GRAND FOYER DRAPES		0.0	0.0	0.0	0.0	0.0	0.0	0.0	DEFERRED TO FY 85 TO ACCOMMODATE WORK SEQUENCE RELATED TO PAINTING AND WALLSCAPING IN GRAND FOYER. SUBSEQUENT INSPECTION OF DRAPES REVEALED THEY WOULD NOT WITHSTAND CLEANING - REPLACEMENT NEEDED.
				10.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
8	027	REPLACE CARPET GRAND FOYER, HALLS OF NATIONS & STATES	FY79	0.0	0.0	200.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
8	029	REFINISH EXTERIOR COLUMNS (RIVER TERRACE)	FY83	0.0	0.0	0.0	0.0	0.0	0.0	0.0	SECOND COAT OF PAINT NEEDED TO PROTECT UNDERCOATING.
				0.0	45.5	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
8	033	PAINT CEILINGS - GRAND FOYER, HALLS OF NATIONS & STATES	FY79	0.0	0.0	90.0	0.0	0.0	0.0	0.0	DEFERRED TO FY 92 WHEN PROJECT NO. 005 WILL NEXT BE ACCOMPLISHED.
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
8	035	REPLACE GRAND FOYER DRAPES	FY80	0.0	0.0	0.0	60.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
8	038	REFINISH EXTERIOR COLUMNS UPPER LEVEL	FY84	0.0	0.0	0.0	0.0	0.0	0.0	0.0	INCLUDED IN CONTRACT FOR REFINISHING INTERIOR COLUMNS IN FY 84.
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
10	015	REPLACE VINYL FLOOR		29.0	29.0	0.0	29.0	0.0	0.0	0.0	DEFERRED TO FY85 DUE TO ABSORPTION OF FY84 PAY INCREASE. DEFERRED TO FY86 DUE TO 2% CONG REDUCTION AND ABSORPTION OF FY85 PAY INCREASE. DEFERRED TO FY88 DUE TO FUNDING RESTRICTIONS AND HIGHER PRIORITY NEEDS.
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	

KENNEDY CENTER
CYCLIC AND NON-RECURRING MAINTENANCE PROGRAM

CYCLE	PROJ NO.	PROJ TITLE	FY PROJECT LAST ACCOMP	FY 85 EST AUTH ACTUAL	FY 86 EST AUTH ACTUAL	FY 87 EST AUTH ACTUAL	FY 88 EST AUTH ACTUAL	FY 89 EST AUTH ACTUAL	FY 90 EST AUTH ACTUAL	FY 91 EST AUTH ACTUAL	REMARKS
10	026	MAJOR STRUCTURAL INSPECTION		0.0	0.0	0.0	0.0	0.0	50.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
10	031	TERRAZZO FLOORS - MEN'S ROOMS	FY79	0.0	0.0	0.0	0.0	11.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
10	032	TERRAZZO FLOORS - LADIES' ROOMS	FY81	0.0	0.0	0.0	0.0	0.0	0.0	9.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
10	034	PAINT UPPER AND LOWER SOFFITS	FY80	0.0	0.0	0.0	0.0	0.0	62.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
10	040	TREE REPLACEMENT	FY79	0.0	0.0	0.0	0.0	55.0	0.0	0.0	NEED TO REPLACE CRITICAL TREES, HEDGE AND SHRUBS DAMAGED OVER THE YEARS, PRIOR TO NORMAL CYCLE.
				0.0	25.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
15	009	REFINISH INSIDE COLUMNS	FY84	0.0	0.0	0.0	0.0	0.0	0.0	0.0	CYCLE RESUMES IN FY 1998.
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
15	030	REFURBISH ELEVATORS	FY81	0.0	0.0	0.0	0.0	0.0	0.0	0.0	FY 86 UNPROGRAMMED PROJECT. REMOVE GRAFFITI ON ELEVATOR DOORS. CYCLE RESUMES IN FY 86.
				0.0	10.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	

KENNEDY CENTER
CYCLIC AND NON-RECURRING MAINTENANCE PROGRAM

CYCLE	PROJ NO.	PROJ TITLE	FY PROJECT LAST ACCOMP	FY 85 EST AUTH ACTUAL	FY 86 EST AUTH ACTUAL	FY 87 EST AUTH ACTUAL	FY 88 EST AUTH ACTUAL	FY 89 EST AUTH ACTUAL	FY 90 EST AUTH ACTUAL	FY 91 EST AUTH ACTUAL	REMARKS
A/N	012	REPAIR SIDEWALKS	FY84	0.0	0.0	0.0	0.0	0.0	0.0	0.0	REHAB SIDEWALKS AND TRAILS AS NEEDED.
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
A/N	041	SPRINKLER SYSTEM REPAIRS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
A/N	039	ROAD PAVING AND REPAIR	FY84	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	25.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
A/N	037	INSPECT AND REPAIR CONDENSATION WALLS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
N/R	008	REPLACE INSULATION SERVICE DRIVE AND AIR HANDLERS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				20.0	0.0	0.0	0.0	0.0	0.0	0.0	
				16.8	0.0	0.0	0.0	0.0	0.0	0.0	
N/R	021	LIGHTS AND BENCHES - WATERGATE WALK		22.8	0.0	22.8	22.8	0.0	0.0	0.0	DEFERRED TO FY 85 DUE TO INCREASED ELECTRIC AND ROOF REPAIR COSTS. DEFERRED TO FY 87 TO ACCOMMODATE INCREASED ESTIMATE FOR ELECTRIC COSTS. DEFERRED TO FY 88 DUE TO FUNDING RESTRICTIONS AND HIGHER PRIORITY PROJECTS.
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	

KENNEDY CENTER
CYCLIC AND NON-RECURRING MAINTENANCE PROGRAM

CYCLE	PROJ NO.	PROJ TITLE	FY PROJECT LAST ACCOMP	FY 85 EST AUTH ACTUAL	FY 86 EST AUTH ACTUAL	FY 87 EST AUTH ACTUAL	FY 88 EST AUTH ACTUAL	FY 89 EST AUTH ACTUAL	FY 90 EST AUTH ACTUAL	FY 91 EST AUTH ACTUAL	REMARKS
N/R	022	CLEAN ROCK CREEK OVERHANG		23.0	23.0	0.0	23.0	0.0	0.0	0.0	DEFERRED TO FY 85 DUE TO INCREASED ELECTRIC AND ROOF REPAIR COSTS. DEFERRED TO FY 86 TO OFFSET 2 PERCENT CONGRESSIONAL REDUCTION AND ABSORPTION OF FY 85 PAY INCREASE. DEFERRED TO FY 88 DUE TO GRAMM-RUDMANN REDUCTION.
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
N/R	023	RIVER TERRACE MARBLE REPLACEMENT		88.0	133.1	0.0	133.1	0.0	0.0	0.0	DEFERRED TO FY 86 TO ACCOMMODATE INCREASED ESTIMATE FOR ELECTRIC COSTS. DEFERRED TO FY 88 DUE TO GRAMM-RUDMANN REDUCTION.
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
N/R	025	REPLACE DAMAGED CEILING TILES		11.4	11.4	0.0	11.4	0.0	0.0	0.0	DEFERRED TO FY 86 TO ACCOMMODATE INCREASED ESTIMATE FOR ELECTRIC COSTS. DEFERRED TO FY 88 DUE TO GRAMM-RUDMANN REDUCTION.
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
N/R	043	REPAIR R/T PLANTER BOX		0.0	0.0	0.0	0.0	0.0	0.0	0.0	NEED RESULTED FROM WATER LEAKS INTO THE SOFFIT. PROJECT AMOUNT REDUCED FROM 75.0 TO 40.0 DUE TO HIGHER PRIORITY UNPROGRAMMED NEEDS.
				0.0	40.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
N/R	045	AUTOMATE SAFETY DEVICES ON 3 REFRIG MACHINES		0.0	0.0	0.0	4.5	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
N/R	044	INSTALL INSULATION - GARAGE		0.0	0.0	0.0	0.0	0.0	0.0	0.0	FY 86 APPROPRIATION INCLUDES A $200,000 CONGRESSIONAL ADD-ON FOR THIS WORK. PROJECT REDUCED DUE TO REVISED ESTIMATE.
				0.0	191.4	0.0	0.0	0.0	0.0	0.0	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	

KENNEDY CENTER
CYCLIC AND NON-RECURRING MAINTENANCE PROGRAM

CYCLE	PROJ NO.	PROJ TITLE	FY 85 EST AUTH ACTUAL	FY 86 EST AUTH ACTUAL	FY 87 EST AUTH ACTUAL	FY 88 EST AUTH ACTUAL	FY 89 EST AUTH ACTUAL	FY 90 EST AUTH ACTUAL	FY 91 EST AUTH ACTUAL	REMARKS
N/R	046	MODIFY HVAC SYSTEM USPP OFFICE	0.0 0.0 0.0	0.0 0.0 0.0	7.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	0.0 0.0 0.0	

(Figures are rounded to the nearest thousandth)

Estimated Amount (EST)	- Project estimates and scheduling are determined 1 year prior to the start of the fiscal year, based on the best information available.
Authorized Amount (AUTH)	- Project estimates and scheduling are adjusted or added to program at the start of the fiscal year based on actual accomplishments the previous fiscal year, the authorized appropriation level, and any unforeseen needs.
Actual Amount (ACTUAL)	- Actual project obligations are reported following close out of the fiscal year and reflect adjustments for contract amounts and unforeseen needs.

Attachment C

January 25, 1986

JOHN F. KENNEDY CENTER
FY '86

O/C No.		Shared Expenses K.C. Share 23.8%	NPS Share 76.2%	Non-Shared Expenses Sole Responsibility of NPS*	Total
11.1	F/T Permanent	221,200	708,200	600,000	1,529,400
11.3	Career Seasonal	10,400	33,200		43,600
11.3	Part Time	7,100	22,900	90,800	120,800
11.3	Temporary			24,900	24,900
11.5	Other Personnel Comp.	11,800	37,700	27,300	76,800
12.1	Personnel Benefits	31,800	102,000	65,300	199,100
TOTAL PERSONNEL COSTS		282,300	904,000	808,300	1,994,600
21	Travel & Transp. Persons	2,000	4,000		6,000
23	Utilities	444,000	1,422,000		1,866,000
24	Printing & Reprod.	500	1,000		1,500
25	Other Services	328,100	1,075,800	217,000	1,620,900
26	Supplies & Materials	31,600	101,700	32,200	165,500
	TOTALS	1,088,500	3,508,500	1,057,500	5,654,500
	Less K.C. Share				-1,088,500
					4,566,000

*Security, grounds maintenance and visitor services are non-performing arts functions for which NPS is solely respoOsible.

Attachment C-1

January 25, 1986

FY '86

Utilities and Maintenance Contracts

O/C				K.C. Share 23.8%	NPS Share 76.2%
23		Electricity	$ 1,850,000	440,300	1,409,700
		Telephones & Walkie Talkies	16,000	3,700	12,300
			1,866,000	444,000	1,422,000
25		Roof repairs	40,000	9,500	30,500
		Elevator & escalator maintenance	94,200	22,400	71,800
		Housekeeping	856,800	203,900	652,900
		Pest Control	1,000	300	700
		Trash collection	10,000	2,400	7,600
	C/M	Refinish elevator doors	10,000	2,300	7,700
	N/R	Install insulation in garage	191,400	45,600	145,800
	C/M	Paint columns	45,500	10,800	34,700
	N/R	Road repairs	25,000		25,000
	N/R	Repair planter boxes on River Terrace	40,000	9,500	30,500
		HVAC maintenance*	25,600	6,100	19,500
		Tour Assts. & Memorial Security	217,000		217,000
		Miscellaneous contracts (inc. Elevator inspection, security system maintenance, carpet storage, office equipment maintenance, training, grounds equipment maintenance, etc.)	64,400	15,300	49,100
			1,620,900	328,100	1,292,800

Attachment D

February 5, 1986

NCR/John F. Kennedy Center for the Performing Arts

NATIONAL PARK SERVICE

Congressional Reduction and Gramm-Rudman Impact Report

Park Area/Program	Reduction Amount		Impact
Roof Repairs	8,000.		Scope of work reduced.
Tour Assistance & Memorial Security	8,000.		Number of Ushers assigned for tour assistance reduced.
Inspect & clean marble panels	13,000.		Deferred to FY 87.
Congressional .6% reduction		29,000.	
River Terrace Marble replacement	133,100.		Deferred to FY 88.
Replace damaged ceiling tile	11,400.		Deferred to FY 88.
Paint interior ceiling tile	17,000.		Deferred to FY 88.
Clean Rock Creek overhang	23,000.		Deferred to FY 88.
Refinish Bronze Doors and Handrails	20,000.		Deferred to FY 88.
Printing & Reproduction	500.		Reduced printing.
G-R-H 4.3% reduction		205,000.	
TOTAL FY 86 REDUCTION		234,000.	

Attachment E

February 4, 1986

KENNEDY CENTER
100 Percent Costs

	1984	1985	1986 Budget Request	1986 Appropriation	1986 Actual After Gramm-Rudman	1987
Personnel	2,184,100*	2,174,800*	2,179,500*	2,115,300*	1,994,600*	1,994,600*
Housekeeping	782,000	827,300	868,400	856,800	856,800	911,400
Elevator Contract	82,000	72,000	79,000	94,200	94,200	98,900
Electricity	1,544,000	1,600,000	1,635,000	1,850,000	1,850,000	2,035,000
Trash Collection	8,300	9,200	8,000	10,000	10,000	12,500
Pest Control	1,100	1,200	1,000	1,000	1,000	1,000
A/C Contract (Main)	21,100	23,300	23,000	25,600	25,600	26,900
Computer Main.	----	----	10,000	----	----	----
Communications	15,000	15,200	15,000	16,000	16,000	16,000
Tour Assts. & Mem.Sec.	205,000	225,000	225,000	217,000	217,000	200,000
Supplies & Materials	126,000	133,800	149,300	165,500	165,500	147,700
Contracts & Non-recurring	624,700	477,000	490,000	720,400	423,800	494,500
TOTAL	5,593,300	5,558,800	5,683,200	6,081,800	5,654,500	5,938,500
KC - 23.8%	-1,051,300	-1,029,800	-1,083,200	-1,310,800	-1,088,500	-1,167,500
	4,542,000	4,529,000	4,600,000	4,771,000	4,566,000	4,771,000

*Includes USPP costs

TENNESSEE VALLEY AUTHORITY
KNOXVILLE, TENNESSEE 37902

OFFICE OF THE BOARD OF DIRECTORS

FEB 10 1986

The Honorable Robert T. Stafford
Chairman, Committee on Environment
and Public Works
United States Senate
Washington, D.C. 20510

Dear Chairman Stafford:

Enclosed is the testimony requested in your letter of January 28, 1986. We would be pleased to respond to any questions which would assist you in considering our funding needs for fiscal year 1987.

Sincerely,

C. H. Dean, Jr.
Chairman

TESTIMONY OF
C. H. DEAN, JR., CHAIRMAN
TENNESSEE VALLEY AUTHORITY
BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE
FEBRUARY 10, 1986

Mr. Chairman, I hereby submit for your consideration the Administration's budget request of $58.038 million for TVA for fiscal year 1987. This compares to the $125 million appropriated to TVA in year 1985 and to the $113 million appropriated to TVA in fiscal 1986. Including $12.4 million in unobligated balances available from 1985, TVA has available a total of $125.4 million for fiscal year 1986. However, sequestration will result in a decrease of $4,472,000, resulting in an across-the-board reduction in each program area. No individual projects will be terminated as a result of this sequestration.

As the figures indicate, the 1987 Budget Program provides for sharply reduced levels of activities.

The Tennessee Valley Authority is proposing no legislative initiatives in support of this Budget Program.

Mr. Chairman, I would now like to detail the Administration's plans for 1987.

Natural Resources

The fiscal year 1987 request includes $26.893 million in support of natural resource programs. This decrease from the $48.512 million ($46.636 million after the sequestration required by Gramm-Rudman-Hollings) available for fiscal 1986 is a result of reductions in all natural resource programs and the elimination of funds for the operation of the Land Between The Lakes outdoor recreation and environmental education facility. This request will fund the following activities:

> Reservoir System Operations--The requested $20.5 million for this work compares with $23.691 million ($22.771 million per G-R-H) in 1986 and will provide funds to meet the immediate safety and operational requirements related to ownership of the reservoir system, including the navigation and flood control needs. Standards of both long-term stewardship of the system and services to the public would necessarily be compromised. The most visible impacts would be in reservoir-associated lands management responsibilities, where many public use facilities will be closed. Other basic property management responsibilities, such as road and building maintenance, timber and wildlife management, property encroachment protection, and cooperative planning for private and public development along or on TVA lands, also would be stretched out.

Water Resources--The Administration's request is $3.5 million, a reduction from $8.4 million ($8.053 million per G-R-H) available in 1986 and $13.2 million in 1985. At reduced levels, TVA would continue monitoring selected pollutants in reservoirs and tributaries, cooperative clean-up of long-term contamination in tributaries, joint implementation with states of reservoir water quality management plans, and improve dissolved oxygen levels in tributaries and below TVA dams. Other water resource activities involving innovations and demonstrations of national consequence, as well as those of regional resource stewardship and development, would be terminated. These include the environmentally sensitive areas of groundwater protection, wastewater management, coldwater fisheries habitat improvement, and assistance in solving emerging and existing issues in local floodplain management.

Land and Forest Resources--The 1987 request of $550,000 is in contrast to the $4.3 million ($4.130 million per G-R-H) available in 1986 and the $5 million in 1985. The 1987 request would be used exclusively for pumping and regulating water levels in wetlands adjacent to mainstream TVA reservoirs. Innovations and demonstrations in such areas as soil erosion control and raptor restoration, improving forest productivity, development of regional recreation potential, and support for a prototype regional university network providing environmental and basic education skills would be terminated.

Resource Management and Development Support--The 1987 request is $2.25 million, down from the $5.1 million ($4.970 million per G-R-H) available in 1986. This request would continue TVA's work producing maps of the Valley region, as part of the USGS National Mapping Program, and activities that ensure TVA compliance with Federal and State environmental management regulations. Also funded would be studies and monitoring on the effects of acid rain on the region's land and forest resources. Activities in air quality management, toxic air monitoring and control technology, hazardous and solid waste management, and special protection for archaeologically significant sites on TVA lands would be eliminated.

Land Between The Lakes--The Administration's 1987 budget requests no funds for operating or maintaining the 170,000-acre Land Between The Lakes outdoor recreation, land management, and environmental education demonstration and resource development facility. This compares to a budget of $7 million ($6.712 million per G-R-H) in 1986. The Administration proposes that these activities be funded from fees and/or State financing if possible.

Economic Resources

No funds are requested in fiscal 1987 by the Administration for economic resource programs. This is a part of the Administration's effort to eliminate local/regional economic development programs. Congress supported these programs in 1986 with total funding of $15.5 million ($14.896 million per G-R-H), a reduction from the 1985 funding level of $19.7 million.

These programs involve activities to build economic self-reliance of rural communities and demonstrate techniques for increasing local and regional economic growth. Specific programs that would be terminated include technical assistance to existing Valley industries to help such industries expand and add jobs, assistance in developing and demonstrating innovative basic and advanced industrial skills training programs in schools and industries, broadly based technical and financial assistance to promote jobs and economic growth in the 50 most economically deprived counties in the Valley region, and assistance in expanding on the navigation potential of the Tennessee system.

Agricultural Resources Development

The 1987 Budget Program proposes no funding for the agricultural resources development program, which was financed with a $5.1 million ($4.931 million per G-R-H) appropriation in 1986. Again, this reflects the Administration's effort to terminate regional economic development. The following activities would be eliminated:

- o Demonstrations to improve efficiency, farm management, and marketing development for poor, rural farm families.
- o Demonstrations to introduce alternative enterprises on marginal and low-income farms as a way to increase family farm income.
- o Cooperative marketing opportunities that improve the efficiency of current marketing facilities through electronically disseminated marketing information.
- o Demonstrations on controlling soil erosion and promoting water quality improvement of Valley streams and TVA reservoirs while maintaining farm income.
- o The cost-effective home garden program. For an investment of $30 each TVA provides for 12,000 low-income families to produce an average of $600 worth of nutritious food from each garden.

National Fertilizer Development

The Administration's 1987 Budget Program requests a total of $20.635 million for National Fertilizer Development activities. This is a reduction from the $33.1 million ($31.825 million per G-R-H) available to TVA for fiscal year 1986. Eliminated from the 1987 program would be all research aimed at developing a commercially viable technology for conversion of hardwood to liquid fuels, which was funded at a $3.4 million level in fiscal 1986. Included in the 1987 request are:

Fertilizer Research and Development--The request for laboratory and in-plant research and development activities is $10.43 million, compared to $16.9 million ($16.275 million per G-R-H) available to TVA in fiscal year 1986. Generally, the reduction would limit efforts to obtain cost-sharing projects and prolong work in critical research initiatives, such as developing a substitute for formaldehyde and ore benefication technologies. It also would eliminate cooperative work with land-grant universities; work on reduced tillage, fertigation, and waste materials; organic fertilizers; environmental research, and phosphoric acid production research. Work to be curtailed would include nitrogen efficiency, plant nutrients, inhibitors, and phosphate research.

Technology Development--Requested funding for TVA's national fertilizer technology development program is $10.2 million in 1987, a decrease from the $12.6 million ($12.085 million per G-R-H) available in 1986. Under the 1987 program, there would be a reduction in the number of fertilizer industry cooperators by 35 percent, a reduction in the scope of some suspension products, and a cut in the number of products using phosphoric acid. Product testing also would be reduced in scope.

Capital Investment

The request for capital investment funds for 1987 totals $9.843 million. This is a reduction from the $21.5 million ($21.043 million per G-R-H) available in 1986. Included in the current request are $2.6 million to continue modifications at TVA dams to bring them up to currently acceptable national safety standards; $1.5 million for routine additions and improvements at TVA multipurpose dam projects; $4.4 million for needed capital improvements at the National Fertilizer Development Center; and $1.3 million for general office, transportation, and laboratory facilities and equipment.

Eliminated from the 1987 capital request, as compared to 1986, would be funds for improvements at Land Between The Lakes, and new recreation facilities.

No new capital investment projects are requested for 1987.

General Services

The request for funding for general services is $667,000 in 1987, a reduction of approximately 56 percent from the $1.5 million (the same for G-R-H) available for 1986. The majority of th 1987 estimate ($609,000) is for annual maintenance on five bridges financed by DOT and constructed across TVA dams. The remainder of the estimate ($58,000) is for the preparation and maintenance of emergency fallout shelters in TVA facilities.

Power Program

TVA's power program, of course, is completely self-financed from revenue and revenue bonds and does not receive appropriations.

TVA's power program has performed well in most areas during the past year, although our nuclear program has experienced major and widely publicized reversals. The availability and efficiency of our fossil fuel plants have been outstanding, and we have been able to meet all power demands of the region, despite the loss of our nuclear generation, without major problems. Our hydroelectric plants, although performing well, experienced a significant drop in production last year because of the most severe drought on record in the Tennessee Valley.

Electric rates remained virtually unchanged for three years in a row, before rising a relatively modest 6.9 percent at the beginning of the current fiscal year.

A negative note in our power program last year concerned our nuclear plants. There we experienced persistent safety-related and management problems that resulted in the Board's decision to shut down our two operating plants and delay our licensing request on a third plant until these problems are fully identified and resolved.

We cannot project at this time when these problems will be resolved and the plants can be returned to service. But the Board has taken action to correct the problems and get TVA's nuclear program back to the leadership position it once enjoyed in the industry. The Board has brought in Retired Admiral Steven A. White, who has had many years of experience in the nuclear Navy, and delegated to him the authority and responsibility to find and fix the chronic problems that have brought our nuclear program to a halt.

Despite the problems with our nuclear program, the TVA power system is continuing to serve a valuable national demonstration role in conservation, energy management, research and demonstration, and environmental protection.

Conservation programs in the TVA region show potential for reducing electricity consumption by 11.6 billion kilowatthours by the year 2005. TVA has reached its fiscal year 1985 goal for solar water heaters with nearly 1,600 installations. Since the beginning of TVA's conservation program in 1977, 935,000 consumers have received free energy surveys, and more than 500,000 homes have been weatherized under TVA's energy conservation program.

A significant milestone was reached last September in TVA's cooperative program to test and demonstrate advanced technologies that can help the electric power industry improve its performance and meet future demands in economical and environmentally acceptable ways. Leaders in the Nation's electric power industry, in government, and in the transportation and coal industries joined TVA at our Shawnee Steam Plant near Paducah, Kentucky, to break ground for the Nation's first full-scale test of the atmospheric fluidized-bed combustion process for burning coal to generate electricity. The process, which has been tested in a smaller pilot plant at Shawnee, promises a cleaner and more efficient way to use the Nation's plentiful high-sulfur coal supply in electric power plants. TVA's successful tests of ways to improve the dissolved oxygen levels in releases from large hydroelectric dams are attracting the attention of dam operators across the country, while TVA's cooperative work on the causes and effects of acid rain also is producing nationwide interest.

Stafford

1. Question: Please reproduce the chart found on pages 1-5 of the fiscal year 1986 book entitled Additional Budget Information (the "green book) and add to it two additional columns: fiscal year 1987 TVA Proposed and fiscal year 1987 President's Budget.

Answer: The chart is attached.

Summary of Budget Financed from Appropriations
(Obligations in thousands of dollars)

		1986		1987	
	1985 Actual	Before G-R-H	After G-R-H	TVA Request	President's Budget
CAPITAL INVESTMENT					
New lock at Pickwick Landing Dam	6,257	709	709	–	–
Columbia Dam and Reservoir	1,347	863	863	–	–
Dam safety modifications	1,203	5,942	5,857	2,610	2,610
Additions and improvements	2,454	3,957	3,864	2,358	1,500
Recreation facilities	219	250	240	250	–
Land Between The Lakes facilities	75	110	106	95	–
Floodplain management facilities	177				
Yellow Creek port	29				
Ammonia from coal	408				
Chemical facilities	7,668	5,391	5,191	5,050	4,400
North Alabama coal-to-methanol project	2,134	1,935	1,935	–	–
General facilities	1,472	2,359	2,278	2,052	1,333
Total capital investment	23,443	21,516	21,043	12,415	9,843
EXPENSES					
NATURAL RESOURCES					
Water resources					
Regional water management	4,376	4,775	4,576	4,400	2,612
Reservoir releases improvements	1,020	1,086	1,041	1,086	888
Fisheries resources	584	615	615	615	–
Floodplain management	1,911	1,900	1,821	1,900	–
Bristol water project	5,000	–	–	–	–
Total water resources	12,891	8,376	8,053	8,001	3,500
Reservoir system operations					
Navigation operations	1,369	1,683	1,618	1,625	1,479
Flood hazard analysis	543	500	478	520	350
Multipurpose reservoir operations:					
Water control opreations	2,123	2,293	2,193	2,398	2,398
Reservoir ecology	1,884	2,393	2,289	2,501	2,501
Reservoir lands planning	691	778	740	690	350

		1986		1987	
	1985 Actual	Before G-R-H	After G-R-H	TVA Request	President's Budget
EXPENSES (Continued)					
NATURAL RESOURCES (Continued)					
Reservoir system operations (continued)					
Multipurpose reservoir operations (continued):					
Dam reservations operation and maintenance..........	2,606	2,697	2,628	2,819	2,819
Reservoir land management.	4,209	4,702	4,457	4,729	1,914
Plant protection and services to visitors.....	3,111	3,237	3,169	3,334	3,334
Dam safety analysis.......	1,319	1,565	1,501	1,629	1,683
Structures and equipment maintenance and improvement..............	3,003	3,843	3,698	3,805	3,765
Subtotal MRO.........	18,946	21,508	20,675	21,905	18,764
Total RSO............	20,858	23,691	22,771	24,050	20,593
Land and forest resources					
Forest resources............	2,513	1,850	1,775	1,850	–
Wildlife resources..........	1,018	915	880	915	550
Recreation resources........	863	935	899	935	–
Environmental/energy education..................	540	600	576	600	–
Total land and forest resources...........	4,934	4,300	4,130	4,300	550
Resource management and development support					
Valley mapping and remote sensing....................	1,084	1,100	1,057	1,100	1,100
Conservation of public lands and waters...........	937	1,000	944	1,000	750
Regional air quality management.................	678	755	728	680	–
Acidic precipitation........	–	400	400	400	400
Waste management............	1,708	1,905	1,841	1,625	–
Total resource management and development support.	4,407	5,160	4,970	4,805	2,250

(Continued)

	1985 Actual	1986 Before G-R-H	1986 After G-R-H	1987 TVA Request	1987 President's Budget
EXPENSES (Continued)					
NATURAL RESOURCES (Continued)					
Land Between The Lakes........	7,308	6,985	6,712	6,900	-
Total natural resources...........	50,398	48,512	46,636	48,056	26,893
ECONOMIC RESOURCES					
Navigation development and engineering assistance.......	1,315	1,150	1,120	1,150	-
Economic projects and demonstrations...............	3,975	5,925	5,685	5,050	-
Minority economic development.	1,265	810	928	810	-
Special opportunities counties and cities....................	5,649	3,000	2,875	3,000	-
Industrial skills development.	3,761	3,420	3,285	2,000	-
Tennessee-Tombigbee Waterway..	1,481	1,200	1,153	1,200	-
Total economic resources...........	17,446	15,505	15,046	13,210	-
COMMUNITY RESOURCES					
Townlift......................	842	-	-	-	-
Community preparedness........	1,253	-	-	-	-
Total community resources...........	2,095	-	-	-	-
AGRICULTURAL RESOURCES DEVELOPMENT					
Innovative research.........	2,840	2,220	2,157	1,770	-
Market development..........	1,101	1,000	940	1,000	-
Preserving farmland productivity..............	1,772	1,916	1,834	4,436	-
Total ARD............	5,713	5,136	4,931	4,436	-
NATIONAL FERTILIZER DEVELOPMENT					
Fertilizer R&D...............	14,564	16,900	16,275	19,300	10,430

(Continued)

		1986		1987	
	1985 Actual	Before G-R-H	After G-R-H	TVA Request	President's Budget
EXPENSES (Continued)					
NATIONAL FERTILIZER DEVELOPMENT (Continued)					
Fertilizer technology development					
Process research	4,109	6,900	6,615	6,880)	9,016
Product research	1,654	3,900	3,739	4,060)	
Experimental fertilizer production	7,171	1,805	1,731	1,445	1,189
Total fertilizer technology development	12,934	12,605	12,085	12,385	10,205
Ammonia from coal	6,435	200	200	-	-
Hardwood fuels research	4,037	3,400	3,265	3,400	-
Total NFD	37,970	33,105	31,825	35,085	20,635
GENERAL SERVICES					
Maintenance of bridges on TVA dams	516	721	721	609	609
Integrated regional resource management	-	129	129	-	-
Assistance to small disadvantaged businesses	100	100	100	-	-
Emergency preparedness	36	58	58	58	58
Other expenses	84	537	358	131	-
Total general services	736	1,545	1,366	798	667
Total expenses	114,358	103,,803	99,804	101,585	48,195
Jobs bill (P.L. No. 98-8)	-67	81	81	-	-
Other credits	-280	-	-	-	-
Total appropriations	137,454	125,400	120,928	114,000	58,038

(Continued)

		1986		1987	
FINANCING	1985 Actual	Before G-R-H	After G-R-H	TVA Request	President's Budget
Appropriations................	125,000	104,000	104,000	114,000	58,038
Deferred appropriation........	-9,000	9,000	9,000	-	-
Unobligated balance brought forward.....................	33,854	12,400	12,400	-	-
Unobligated balance carried forward.....................	-12,400	-	-	-	-
Gramm-Rudman-Hollings reduction (P.L. No. 99-177)..	-	-	-4,472	-	-
Total financing......	137,454	125,400	120,928	114,000	58,038

2. Question: For each of the line items on pages 2-3 (capital investment, natural resources, economic resources, fertilizer development, and each of their subcategories) listed in your Budget Program ("blue book"), please provide the full-time employee (FTE) equivalents and the full-time permanent employees for each of the fiscal years 1985, 1986, an 1987 anticipated.

Answer: The information is attached.

	1985		1986		1987	
	ASP*	Total FTE**	ASP*	Total FTE**	ASP*	Total FTE**
CAPITAL INVESTMENT						
New lock at Pickwick Landing Dam.......	9	52	2	13	–	–
Columbia Dam and Reservoir.............	15	42	10	30	–	–
Dam safety modifications...............	12	35	17	98	7	54
Additions and improvements.............	10	48	17	88	7	25
Water resources........................	1	1	–	–	–	–
Land and forest resources..............	1	3	1	2	–	–
Land Between The Lakes facilities......	1	1	1	1	–	–
Economic resources.....................	1	1	–	–	–	–
Fertilizer test facilities.............	39	75	34	69	30	62
Ammonia-from-coal facility.............	3	8	–	–	–	–
North Alabama coal-to-methanol project.	13	51	8	45	–	–
General facilities.....................	10	31	11	27	5	13
Total capital investment..........	115	348	101	373	49	154
OPERATING EXPENSES						
NATURAL RESOURCES						
Water resources........................	160	179	145	173	74	88
Reservoir system operations............	534	661	536	689	367	500
Land and forest resoruces..............	57	57	48	48	3	3
Resource management and development support..............................	69	76	68	71	34	37
Land Between The Lakes.................	140	235	125	220	–	–
Total natural resources...........	822	1,208	922	1,201	478	628
ECONOMIC RESOURCES						
Economic resources.....................	95	100	88	100	–	–
Community resources....................	12	21	–	–	–	–
Total economic resources..........	107	121	88	100	–	–
AGRICULTURAL RESOURCES DEVELOPMENT.....	31	31	23	23	–	–
NATIONAL FERTILIZER DEVELOPMENT						
Fertilizer research....................	174	174	171	185	132	132
Technology introduction................	304	588	294	578	275	540
Ammonia-from-coal process..............	5	9	1	1	–	–
Hardwood fuels research................	38	47	38	38	–	–
Total national fertilizer development.....................	521	818	504	802	407	636
GENERAL SERVICES.......................	7	20	10	21	9	20
Total............................	1,603	2,546	1,648	2,520	943	1,438

*Annual salary policy
**Full-time equivalent

Stafford

3. **Question**: Please explain the anticipated increase in revenues from the fertilizer technology introduction program for fiscal year 1987.

Answer: The anticipated increase in revenues is a result of an expectation of an upturn in prices for experimental fertilizers, and includes the sale of products in inventory as well as new production in fiscal year 1987.

4. **Question**: Please list each natural resources and environmental program or activity which was funded in fiscal years 1985 and 1986 and will receive no funding in fiscal year 1986; and for each of these programs or activities, please provide a description, a fiscal year 1985 and 1986 funding level, and an FTE equivalent. Will the personnel performing these ativities be dismissed or will they be transferred elsewhere within the agency? Please provide similar information for the fertilizer development program.

Answer: TVA natural resource and fertilizer development programs funded in fiscal years 1985 and 1986 that are not funded in the President's budget in fiscal year 1987 are summarized below.

Program	In Thousands 1985 Actual	In Thousands 1986 Estimate	1986 Full-time Equivalent
Fisheries resource development.....	$585	$615	11
Floodplain management..............	1,911	1,900	28
Forest resources development.......	2,513	1,850	34
Recreation resources development...	863	935	23
Environmental/energy education.....	540	600	7
Regional air management............	678	755	13
Waste management...................	1,708	1,905	20
Land Between The Lakes.............	7,307	6,985	168
Agricultural resources development.	5,713	4,931	17
Hardwood fuels research............	4,037	3,265	42

A brief description of each program follows.

- The fisheries resource development program promotes optimum use and development of the Valley's fisheries resource. Emphasis is placed on documenting and assessing the productivity of the fishery and asociated aquatic resources as a measure of the health of the total aquatic ecosystem. TVA cooperates closely with State fishery agencies in carrying out its role to enhance the fishery resource in its reservoirs.

- Floodplain management information and technical assistance is provided to flood-prone communities and individual decision-makers in the Tennessee River watershed to help achieve development and use of land free from flood damage. This program's technical assistance emphasis is on encouraging the use of economical, environmentally acceptable, nonstructual flood damage reduction measures.

- The forest resources development program works to ensure that the timber production potential of Valley forests is used to provide economic and social benefits for the region and the nation. In collaboration with other Federal and State agencies and with the private sector, TVA pursues a balanced strategy to stimulate the demand for forest products through new and expanded domestic and international markets, and therefore provides incentives for industry and private landowners to protect and manage their forests for long-term supply.

- The recreation resources development program emphasizes improved management of facilities at existing TVA recreation areas, helps other public agencies and the private sector meet recreation needs through technical assistance and cooperative operation of TVA recreation areas, and demonstrates methods for making reservoir recreation opportunities available to a wider spectrum of the public.

- The environmental/energy education program seeks to provide educational opportunities on environmental, energy, and economic systems to the Valley populace. The program provides services to incorporate these topics into the existing school curricula. At the heart of the program is a growing network of environmental/energy education centers which uses existing universities to reach students in local schools and the general public. Two visitor centers provide the public insight into specific resource management techniques, historical and cultural information, and a broad understanding of environmental, energy, and economic relationships.

- The regional air management program, in cooperation with Federal, State, and local regulatory and development agencies, promotes enhancement of Valley air quality and wise management of air resources. The program monitors trends in ambient air quality, identifies problems, assists in developing strategies to mitigate air quality problems, and provides information on air quality and associated issues so that informed decisions

- can be made on economic development in the Valley and management of its air resources.

- The waste management program assists local governments to improve the management and enhance the efficiency of solid waste, water supply, and wastewater disposal systems. In addition, hazardous waste management activities develop alternative methods that industries can use to reduce the amount of hazardous waste they generate.

- Land Between The Lakes (LBL) is a unique outdoor classroom and laboratory for pursuing outdoor recreation and studying cultural, conservation, and resource-use principles. Using a multiple-use management technique, LBL's developmental and demonstrational capability has been influential in the development and management of many Federal, State, and privately operated conservation, education, and recreation areas.

- Agricultural resources development - This program is oriented toward assessing alternative agricultural opportunities and conducting cooperative educational and development programs to help farmers shift to new enterprises and to improve production and marketing efficiency.

- Hardwood fuels research - In order to effectively use natural resources, TVA is pursuing the production of ethanol using surplus low-grade hardwoods abundant in this region. Although this process is geared toward hardwoods, it is also effective on softwoods as well, making the process of national benefit. It has potential for replacing lead as an octane enhancer in gasoline, making use of an abundant natural resource, and creating thousands of jobs throughout the region.

As in the past, TVA would make every effort to assist employees affected by a reduction-in-force in finding suitable employment elsewhere within the agency. However, considering the other program eliminations and reductions proposed in the President's budget, it is reasonable to assume that most employees could not be retained within the agency, but would be dismissed.

5. Question: TVA is involved in a variety of projects which could be considered to be of a national demonstration character. Please list and describe these, indicate how much TVA is currently spending on them, and indicate what funds, if any, have been requested by the Administration for them in fiscal year 1987.

Answer: The attached list is a breakdown of the funding for various TVA national demonstration activities. Unless completed in prior years as noted, demonstrations with no appropriated funding in fiscal year 1987 would be terminated under the Administration's proposed funding of TVA's projects and programs.

	In Thousands of Dollars					
	1986			1987		
	Approp.	Power	Other	Approp.	Power	Other
Natural resources						
Wetlands treatment of acid mine drainage			Power-Financed			
Groundwater experiment			Other Financing			
Air pollution control			Power-Financed			
LBL: the total project	6,818	–	1,434	–	–	–
White amur	335	192	–	192	68	–
Environmental education for the handicapped	54	–	–	–	–	–
Mine reclamation			Power-Financed			
Raptor hacking	70	–	–	–	–	–
Tick control research	71	–	154	–	–	180
Reservoir lands planning	740	–	–	350	–	–
Forest resources manaement (LBL)	443	–	–	–	–	–
Solid waste recycling	801	–	–	–	–	–
Off-road-vehicle recreation	18	–	–	–	–	–
Energy						
Ammonia from coal		Completed in Prior Years				
Atmospheric fluidized-bed combustion		Power-Financed and Other				
Energy from municipal waste			Power-Financed			
Energy seminar			Power-Financed			
Coal analyzers			Power-Financed			
Scrubbers			Power-Financed			
Solar pond			Power-Financed			
Electric vehicles			Power-Financed			
Solar water heaters			Power-Financed			
Energy Services Exchange			Power-Financed			
Agriculture						
Soil conservation	1,834	–	–	–	–	–
Fertilizer	28,360	–	24,630	20,635	–	27,902
Southeastern Regional Biomass Program	3,265	–	3,220	–	–	2,970
Curtain granulation		Completed in Prior Years				
Fertigation	188	–	–	225	–	–
Conservation tillage study	733	–	–	–	–	–
High-income crops	647	–	–	–	–	–
Economic development						
Existing industries	1,600	–	–	–	–	–
Chattanooga State high-tech training			Completed in 1986			
Leak detection	45	–	–	–	–	–
YIELD forestry computer program	15*	–	–	–	–	–
Floodplain management	1,821	–	–	–	–	–

*Other minicomputer assistance totals $95,000 in 1986.

Stafford

6. Question: Please list those TVA programs and activities for which the Office of Management and Budget approved funding in fiscal year 1987 and did not in fiscal year 1986, and vice versa.

Answer: The fiscal year 1986 and 1987 OMB budget pasbacks are contrasted in the attached table. It reveals that a total of nine TVA programs were totally eliminated in the fiscal year 1986 passback and that key elements of other programs were not funded.

Programs totally eliminated in fiscal year 1986:

- Water resources - regional water management, reservoir releases improvements, and fisheries resources development.
- Land and forest resources - recreation facilities, forest resources, wildlife resources, and environmental/energy education.
- Land Between The Lakes - the Nation's only outdoor laboratory which combines recreation, environmental education, and land stewardship to demonstrate the benefits of managing public lands.
- Economic resources - navigation development, economic development and analysis, minority economic development, special opportunities counties and cities, and skills development.
- Community development - community preparedness, Townlift, regional waste and water supply, and floodplain management.

o Valley agricultural development - family farms, high-income enterprises on small farms, market development, preserving farmland productivity, and nutrients from animal wastes.

o Fertilizer technology development - products and processes research and testing, and production of experimental fertilizers.

o Chemical facilities - major research, development, and demonstration facilities to augment the national fertilizer development program.

o Hardwood fuels research - pilot plant construction of a facility to produce ethanol from hardwoods, and process improvement research toward economic feasibility.

o Regional air management and acidic precipitation - activities within a program which were also eliminated in the OMB passback.

The programs which were only partially restored in the fiscal year 1987 OMB passback include:

o Water resources
o Land and forest resources
o Fertilizer introduction
o Chemical facilities

Tennessee Valley Authority

OMB Budget Passback
(By Programs)

	Budget Authority (In thousands)	
	1986	1987
Natural resources	26,399	31,003
Reservoir system operations	(18,363)	(20,593)
Water resources	–	(3,500)
Dam safety modifications	(4,570)	(2,610)
Additions and improvements	(1,516)	(1,500)
Land and forest resources	–	(550)
Land Between The Lakes	–	–
Resource management and development support	(1,950)	(2,250)
Economic and community development	–	–
Economic development	–	–
Community development	–	–
Valley agricultural development	–	–
General services	2,206	2,000
National fertilizer demonstration	10,000	25,035
Fertilizer R&D	(10,000)	(10,430)
Fertilizer introduction	–	(10,205)
Ammonia from coal	–	–
Chemical facilities	–	(4,400)
Hardwood fuels research	–	–
Total nonpower program	38,605	58,038

Stafford

7. Question: If LBL receives no appropriated funds in fiscal year 1987, will the area still be able to be used by the general public for activities such as camping, picnicking, biking, hunting, etc? Are all service facilities in the LBL area (lodging, food service, restrooms, etc.) presently owned and operated by TVA? Would TVA have to police the area to prevent vandalism or unsafe conditions? How much would this cost?

Answer: All activities at Land Between The Lakes (LBL) would cease if no funds are appropriated in fiscal year 1987. In addition to the closure of all facilities used by the general public, all wildlife improvement, hunting, and forest management activities would be eliminated, as would the maintenance and upkeep of LBL's 420 miles of roads and 100 miles of trails.

The 18 major public use facilities, four administrative and maintenance complexes, and the 170,000-acre land base including roads and trails are owned and operated by TVA. LBL represents a Federal investment of $80 million since its inception in 1964.

To adequately provide police protection to this area would cost some $2 million. Security and protection of this investment would be of utmost importance. Unless funds were provided for LBL, protection would not be possible. Furthermore, it is not feasible for law enforcement units from the surrounding counties or the States of Kentucky and Tennessee to provide this service. Deterioration of facilities and unsafe conditions would result. In the very short term, the government's investment at LBL would be substantially eroded. In the long term, this investment would likely be completely lost.

Wildlife within LBL would suffer a similar loss in protection. Bald eagles and river otters recently introduced to the LBL area would be more vulnerable to illegal hunting. Particularly threatened would be the LBL deer population, including white-tail deer and the specially protected fallow deer. Poaching of deer, turkey, and other wildlife is a continuing management problem even under normal LBL operating conditions with shared TVA/State efforts. Should LBL be closed, wildlife protection would become exclusively a State responsibility resulting in greatly diminished on site security.

Stafford

8. Question: Please specify why there are such large increases in reimbursable services from fiscal year 1985 through those anticipated in fiscal year 1987. What specific services are involved and to whom will they be provided? Does this type of work allow some employees who would otherwise have to be laid off, due to the decreased appropriated budget, to continue working with TVA?

Answer: The majority of the increases in reimbursables reflects the annual contributions of EPRI, Duke Power Company, the Commonwealth of Kentucky, and others in the development and construction of the atmospheric fluidized-bed combustion project at TVA's Shawnee Steam Plant in western Kentucky. With a total cost of $200 million, the four-year project was begun in 1986.

Other activities requested from TVA include mapping services for the Defense Mapping Agency, environmental research in cooperation with EPA, biomass research services for AID and DOE, flood insurance data for FIA, and services furnished the Office of Surface Mining, the U.S. Army Corps of Engineers, AID, EPRI, and others.

TVA is proud of its staff having the expertise to tackle many different types of problems. Much of this expertise would be lost due to a decreased appropriated budget if it were not for reimbursable activities requested by other Federal and non-Federal agencies. However, these funds are not sufficiently stable to ensure the availability of these people when needed. Both types of funding are needed to maintain TVA's staff as the national resource it currently is.

Stafford

9. Question: Please detail the approximate $340 million increase in power system proceeds and borrowings from fiscal year 1986 to fiscal year 1987.

Answer: The $337 million increase in power system obligations from fiscal year 1986 to fiscal year 1987 is detailed as follows:

	Obligations Change (In Millions)
Expenses other than interest..................	$71
Interest expense..............................	92
Inventories...................................	38
Watts Bar Nuclear Plant units 1-2.............	-181
Additions and improvements at power facilities.	52
Nuclear fuel..................................	216
Investment in other facilities, bond retirement funds, and deferred items................	49
Total.....................................	337

Stafford

10. Question: Please detail why there is a $12.4 million carryover from fiscal year 1985 into fiscal year 1986.

Answer: The $12.4 million underrun for the appropriations budget in fiscal year 1985 consists of the following projects and programs:

	($000)
Capital underruns:	
Pickwick	743
Columbia	863
Dam safety*	3,797
Chemical facilities	303
Additions and improvements*	2,331
Coal gasification	1,935
General facilities	435
Other	19
Subtotal	10,426
Expense underruns:	
Natural resources	1,127
Economic and community development	107
Agricultural resources development	84
National fertilizer development	236
Other	420
Subtotal	1,974
Total Carryforward	12,400

*Of these amounts, $2,100,000 in dam safety and $589,000 in A&I result from the decision to use power system funds for the initial construction of multipurpose facilities beginning in 1985, as presumed in the fiscal year 1986 appropriation.

Stafford

11. Question: Are any of the locks on the Tennessee River navigation system presently operating at or near their capacity? If not, is it expected that they will be in the future?

Answer: Kentucky lock, the most downstream lock in the system, is presently operating near its practical capacity. Chickamauga and Watts Bar locks, two of the three small locks on the upper part of the system, are expected to approach their practical capacities in the near future. Presently, the three small upper river locks are considered a constraint to barge traffic and to waterfront economic development because only one barge at a time can be locked through and any substantial new movement would create lengthy delays at both the Chickamauga and Watts Bar locks.

The development of traffic on the Tennessee-Tombigbee Waterway will directly increase traffic on all Tennessee River locks. While movements on the Tennessee-Tombigbee Waterway have thus far been at low levels, an improved coal market could induce substantial movements from the upper part of the Tennessee River system.

Stafford

12. Question: If Land Between The Lakes was funded at fiscal year 1986 levels in fiscal year 1987, would you anticipate proceeds from LBL to increase in fiscal year 1987 from fiscal year 1986 levels? Please specify which activities at LBL result in the proceeds total of $1.2 million for fiscal year 1986. How much in appropriated funds are spent on these activities?

Answer: During fiscal year 1986 Land Between The Lakes (LBL) is implementing new fee structures for special programs and tours and for The Homeplace-1850 beyond those initially projected in the current President's budget. In addition, family and group camping fees have been evaluated and increased. In total, LBL's anticipated revenues for fiscal year 1986 are now expected to increase from the $1.2 million in the "blue book" to $1.4 million. Further, modest increases in revenue from these sources might be realized during fiscal year 1987 through increased visitation and use of facilities; however, due to legislative constraints the implementation of additional fee structures is not feasible at this time. A summary of LBL activities associated with revenue generation for fiscal year 1986 follows.

	In Thousands		
Activity	Appropriations Spent	Revenue Generated	
Wildlife management.	$490	$160	(hunter use fees)
Land stewardship....	344	290	(timber sales)
Family camping......	168	357	(camping fees)
Group camping and education..........	905	495	(overnight fees)
Special programs and tours..........	12	16	(event fees)
The Homeplace-1850..	238	106	(use fees)
Total revenues.		1,434	

Stafford

13. Question: Please list the outyear projections for dam safety modifications TVA made in 1985. If the projection for fiscal year 1987 is more than the fiscal year 1987 budget request, please explain why and list the specific work that will not be performed.

Answer: The outyear projections for dam safety modifications as shown in the Budget Program submitted to OMB for fiscal year 1985 were:

($000)			
1986	1987	1988	1989
11,500	17,500	22,000	23,000

These figures reflect 100 percent appropriations financing. The current 1987 program for dam safety modifications is as follows:

	($000)
Appropriations.............	2,610
Power proceeds.............	1,890
Reimbursable proceeds......	2,000
Total obligations.....	6,500

In 1985 TVA began using "up-front" power program financing as the modifications are performed. Thus, 42 percent of the total costs of the modifications are now funded by power funds. It is also anticipated that in 1986 and 1987 some Federal Highway Section 320 funds will be used for bridge work at Nottely Dam.

Also, as TVA has refined its analyses and cost estimates of the modifications required, the anticipated costs have decreased noticeably. All current outyear projections reflect this decrease.

Finally, the start of the Nottely Dam modifications was deferred from fiscal year 1985 to fiscal year 1986 because of delay in securing agreements among TVA, the State of Georgia, and the Federal Highway Administration. This resulted in a one-year lag in the buildup of funding required for Nottely.

If TVA receives the $2,610,000 in appropriated funds as proposed in the President's budget, it will not be necessary to defer or delete any work from our current optimum schedule.

1. Question: What are the types of fertilizer research TVA is doing? Is there any activity which is done to study the protection of groundwater?

Answer: We are deeply involved in several categories of research. Top priority areas include work to improve the efficiency of crop use of fertilizer nutrients; development of improved fertilizer, soil, and crop management systems; and fertilizer raw material research. We also have strong research programs to develop new technology for producing fluid and granular fertilizers. And we are developing and demonstrating how nutrient-containing wastes can be used to economic and environmental advantage in integrated agricultural production systems.

The scope of this work ranges from sophisticated studies in laboratories and greenhouses, to experimental pilot-plant development, to limited prototype manufacture, and nationwide introduction of new fertilizer products and the processes for making them.

We have done some research and helped finance investigations by university researchers, to identify what happens to fertilizer nutrients, especially nitrogen, after application to the soil. This pioneering work developed a basic understanding of the extent of movement of fertilizer nitrogen in the soil solution and the conditions under which such movement might create problems.

TVA in 1983 completed a Groundwater Situation Assessment of the Tennessee Valley region. One finding was that protection is the key to preventing groundwater contamination. As a result, TVA developed a groundwater protection strategy and has demonstrated the process in an eight-county area of east Tennessee. We have developed a number of educational materials dealing with groundwater. The TVA-developed "Groundwater Student Study Guide" has been requested by the North Dakota Water Commission for use in planned workshops.

Burdick

2. Question: Give an assessment as to the impact suggested budget cuts would have on the fertilizer, agricultural resource, and biomass programs.

Answer: At our Muscle Shoals operations, we have three distinct programs—national fertilizer research, development, and introduction; improvement of agriculture in the Tennessee Valley region in ways that provide demonstrations of value to the Nation; and research to develop new technology for producing liquid fuel (alcohol) from renewable biomass, both trees and farm crops. The Administration's proposed budget would cut our fertilizer R&D program by about 35 percent. It would eliminate both the agricultural resource development and the biomass research programs.

Slashing the fertilizer budget would stop or sharply curtail our work in such areas as developing better fertilizers for addition to irrigation water, fertilizer research related to reduced tillage methods, and work on waste recovery and environmental impacts. The proposed budget also would slow research to develop new technology for using the low-grade phosphate upon which the Nation increasingly depends in the near future and research to get more applied fertilizer nitrogen used by crops. These are two of our major research areas and both have potential for major impact. A reduced budget also would slow the technology transfer process, thereby delaying realization by private industry and farmers of the benefits of our new developments.

Elimination of the agricultural development program—which is conducted in close cooperation with the region's land-grant universities, other agencies, and various local groups—would be a major blow to rural residents in the area. These collaborative programs have been one of the most innovative and effective tools for the final testing and introduction of promising new management and production systems.

The cooperative agricultural program has helped introduce and establish major new enterprises that are well suited to the small farms characteristic of many parts of the region. The synergism TVA is able to introduce by stepping across traditional boundaries and involving a range of resources, expertise, and financing remains highly effective.

Eliminating biomass research and development interrupts promising technology midstream. The Tennessee Valley region has a tremendous privately owned wood resource that is grossly underutilized, much of which might well be diverted to liquid fuels production with more efficient processes of the type we have under development. Most of our research to date has been in laboratories, where we have made excellent progress. Now we need to take the most promising methods up to a larger scale and have a two-ton-per-day pilot plant under construction for this purpose. All of this—plus any prospect for near-term commercialization—would stop without funds to continue the work.

Burdick

3. Question: If you had to prioritize items in these programs for reinstatement into the budget, what program would you regard as vital and want to have replaced in the budget?

Answer: First, for the fertilizer program to continue effectively, its budget should be restored to near the 1986 level. We have worked hard in the past two years to make sure we are targeting the right areas. We can make highly significant contributions if we are able to continue at current levels, taking into account the continuing efforts to secure greater privatesector participation and support..

On agricultural programs, innovative research and project development, plus work to preserve farmland productivity—including the region soil conservation and water quality program—would be highest priority. Close behind would be market development projects for family farmers.

Priority funding in biomass should go to the basic research and development effort, plus some funding for operation of the hydrolysis unit of the pilot plant under construction.

4. Question: With respect to Land and Water 201, what would be the environmental impact in the seven Valley States if it were discontinued?

Answer: The area where this program is being conducted has some of the Nation's most serious soil erosion problems. Sheet and rill erosion, the kind that can go undetected until the damage is done, averages 11 tons per acre, highest for any region in the eastern United States. Half of our cropland has higher than acceptable rates of soil loss; one acre in three is losing twice the amount of soil that scientists say can be tolerated without seriously impacting the land's productivity. That is the reality that Land and Water 201 is designed to address.

The Land and Water 201 program is a national model of interagency cooperation. TVA is just one of many local, State, and Federal agencies that are pooling resources to halt serious erosion and improve water quality in the region. The program is remarkably effective. The joint effort has produced a total impact significantly greater than would be the cumulative effect of the several entities separately. Scores of demonstrations are showing the combinations of enterprises and conservation practices needed to minimize erosion without penalizing income. Conservation farming has spread rapidly across the region as a result. Soil losses have been cut dramatically on demonstrations and are significantly less for the entire region.

Loss of funding for the Land and Water 201 work would set the stage for a reversal of this process. More than likely, we would see a leveling in the trend line in soil losses, followed by an increase in rates of loss. The idea of ending the multiagency effort just as it is hitting full stride, and just as the Environmental Protection Agency is preparing to join with agricultural forces and fund major water quality improvement efforts, is distressing to all involved. No one wants to return to an era of gullied fields and silted streambeds when a long-term solution is within reach. Land and Water 201 is the attractive alternative—a tool of cohesiveness and progress.

Burdick

5. Question: If Land and Water 201 were discontinued, would people and agencies in the program continue it?

Answer: Many agencies concerned with protecting land and water resources have been on the scene for many years—and basically are doing a good job. What is different in the past few years is TVA in a new role. TVA stepped in, first in west Tennessee and then in other Valley areas, to provide new leadership. It proved to be the glue needed to help bind all the efforts into a more visible and more productive package.

Without any funding for TVA to continue in this role, the total effort would suffer. Others would continue their individual works to the extent that their budgets permit. However, the loss of TVA's special contribution of binding the project elements together would sap the total effort severely.

In planning this comprehensive effort TVA has been careful to eliminate overlap and duplication of effort. Each agency and organization participating in Land and Water 201 is devoting staff and other resources in ways that complement what the others are doing.

Burdick

6. Question: If OACD fertilizer cuts go through, what is likely to be taken over by the private sector?

Answer: First, the private sector is not likely to make any move to establish a basic research capability of its own. Historically, some of the major companies have established modest research departments from time to time, and then made them the first target for elimination when profits sagged. The industry, which perennially operates on narrow profit margins and currently is in a major slump, is in no position to gear up for research. Even the remnants of research here and there have been almost wiped out in recent years and months.

On the other hand, we expect to get private funding for some applied work. We are devoting significant effort to developing this possibility and are meeting with some success. In 1986 we expect to "earn" about $700,000 for special services to others. In 1987 we should do even better. However, it should be noted that the dollars obtained in this manner do not always replaca traditional research dollars, although some will. As an example, a company might want to pay us to do test work that we would not plan to do under normal circumstances. In other words, we might be in position to provide, on a reimbursable basis, a valuable service to the company but in a way that does not necessarily contribute to our long-range research goals.

7. Question: If cuts were instituted, would user fees be able to cover research costs?

Answer: We don't think so. We think a stable core level of funding will be required to maintain an effective fertilizer research, development, and introduction program—the type of aggressive effort that is highly responsive to needs and quickly effective in impact.

The most workable way to fund the total R&D effort might be to impose a fee—up to $1 per ton—on all fertilizer sold to farmers and other users.

Fees for this and that, including charges for specific assistance in terms of laboratory or pilot-plant test operations and for onsite consultations in contractors' facilities, can provide some budgetary relief. Just how much or how effectively is not clear at this time.

The concept of charging royalties or doing proprietary research has some potential, but it also poses problems. For example, is it legally and/or morally right to grant one firm exclusive right to a development unless it has paid for ALL of the costs associated with creating that development? In many cases, the total costs will include expenses incurred over a period of many years.

With the agricultural resource development program, it should be noted that others—particularly cooperating universities and farmers—already contribute more financial resources than does

TVA. We plan to explore alternative funding sources but do not believe that we can replace tax dollars entirely.

A similar situation exists with the biomass program, which has potential for the Nation as well as the region. TVA will probably need appropriations to continue most of the laboratory and small-scale research. However, we are already planning to rely heavily on supplementary private sector funding if we have a need to scale up some of the experimental process work to a prototype production unit.

8. Question: If the fertilizer program at TVA were terminated, how many people would be affected?

Answer: Our employment at the National Fertilizer Development Center is down nearly one-fourth since 1980—to about 765—for national fertilizer, agricultural resource development, and biomass research programs. If the total program were terminated, all of these jobs would be lost.

The proposed 35 percent reduction in the fertilizer program would eliminate nearly 100 jobs.

Elimination of the agricultural resource and biomass research programs would eliminate about 60 additional jobs at Muscle Shoals.

Burdick

1. Question: In many respects, the environmental challenges facing TVA and the Valley region parallel those confronting the Nation as a whole. What are some of the key environmental issues on which TVA is currently working? How is TVA's work in these areas significant for the rest of the Nation?

Answer: TVA, as a natural resource management agency as well as a utility, has had many opportunities to address in a regional context, complex environmental issues of national significance. The issues encompass all natural resources, and while specific strategies are developed for each, the integration of TVA's broad array of technical capabilities and its ability to bring about the interest and involvement of local and State governments and other Federal agencies in focusing on an issue is a demonstration of broad national significance. Examples of several of these projects are described below.

Groundwater Protection—Protection of groundwater has come to the forefront as a national priority issue. TVA is developing a program to assess and promote use of the region's valuable groundwater resource, while protecting the resource from environmental damage. The key to success is aggressive promotion of protection through establishment of strong local protection ordinances. While each local situation is unique, the approach developed by TVA can be used nationwide.

Water Quality Improvement—Land and Water 201 is a multiagency, regional resource conservation program, developed by TVA, aimed at solving natural resource problems in the Tennessee Valley region. The seven Valley States, the U.S. Department of Agriculture, the

Environmental Protection Agency, and TVA are equal partners in the program. As part of the program, a regional demonstration is being conducted to control nonpoint sources of pollution which are adversely affecting water quality and water uses. The concept of the program and the results of its demonstrations are exportable and relevant across the Nation.

Artificial Wetlands Wastewater Treatment—Low-cost, innovative wastewater treatment processes using artificial wetlands show promise in solving many wastewater treatment problems and can furnish ancillary recreation, environmental education, and wildlife benefits. TVA has evaluated and is demonstrating this technology and believes it has the potential to be an affordable alternative to several treatment problems facing small communities in many parts of the Nation.

Land Use Planning—Among various land use activities, the first and most basic TVA responsibility is stewardship—not only in the management of its lands but the administration of all TVA programs that affect land use. Our reservoir land use planning process, begun in 1980, is a key element. State and local agencies, the public, and TVA program staff develop the planning guidance that, coupled with reservoir water quality planning, leads to optimum uses of each reservoir in the system.

Abandoned Mine Lands—Because the 1977 Surface Mining Control and Reclamation Act focuses on abandoned mine lands having specific public health, safety, and general welfare impacts, reclamation to address general environmental problems is unlikely at this time. By enlisting the aid of others, TVA has taken an alternative approach to this serious problem. In 1985 for example, TVA in cooperation with other organizations, reclaimed 1,700 acres of abandoned wastelands, most of which were part of the remaining 8,000 acres in southeastern Tennessee and north Georgia devastated by copper mining.

River Basin Rehabilitation—TVA is taking a basin-by-basin approach to assessing point and nonpoint source water pollution, developing integrated management plans, facilitating cost-effective implementation by responsible parties, and ensuring optimum reservoir system operations applicable to any area of the Nation.

Hazardous Waste Management—This effort is aimed at resolution of the Nation's hazardous waste management problems through the integration of technology and cleanup demonstrations, waste minimization, and environmental assessment.

Indoor Air Quality—Experts suggest that pollutants found in indoor air may be a potentially more serious threat to public health than those found outdoors. Although indoor air quality may differ in cause and complexity between regions of the country, testing methodologies and control technologies being developed or refined by TVA should be important to the current national effort in this regard. TVA has actively participated on a national scale in resolving this issue.

Organic Wastes—Disposal of municipal sludge is a growing problem across the Nation. TVA is currently investigating the environmental and economic implications of using this material as a fertilizer and soil conditioner in the agriculture industry. In addition, TVA has initiated programs to develop technology for economically producing ethanol from agricultural crop and wood residues. Both areas of work show significant promise and technologies should be exportable nationwide.

Biological Control of Aquatic Weeds—There is a critical need for environmentally safe, cost effective methods to control aquatic vegetation in several TVA reservoirs, as well as many of the Nation's other waterways. TVA is measuring the effectiveness of the white amur for controlling aquatic vegetation in a large isolated embayment of Guntersville Reservoir. Effects of this type of control on water quality and on the reservoir's other aquatic life are also being studied. Successful use of this tool could result in significant cost savings and reduced impact of treatment operations.

Nitrogen Fixation—TVA is working on a nitrogen fixation program designed to allow nitrogen to stay in the soil longer for plant nutrition. Nitrogen in soil is highly leachable to both air and water. TVA's program has significance to all areas but in particular to the midwestern States where fertilizer losses are the greatest. The goal of the program is to reduce nitrogen losses by 10 percent within a 10-year period.

Acidic Deposition Research—TVA has publically recognized the likelihood of a relationship between SO_2 and NO_x in the atmosphere and the deposition of acidic or acid forming compounds. The TVA Board has approved an acidic deposition research program in cooperation with the National Acid Precipitation Assessment Program, the U.S. Environmental Protection Agency, and interested Valley States. Results of these efforts will contribute to the responsible use of the Nation's vast coal reserves in an environmentally acceptable manner to meet energy needs, and as an alternative to dependence on foreign petroleum sources.

Emission Control Technology Research—The need for reduced emissions of power plant pollutants—particularly those contributing to acidic deposition—indicate the need for improved methods of controlling SO_2 emissions from power plants. TVA has taken a national leadership role in research aimed at improving the cost effectiveness of several SO_2 emission control technologies including a spray dryer pilot plant and demonstration coal cleaning using high gradient magnetic separation. The results of this research will have broad applicability throughout the electric utility industry.

Atmospheric Fluidized Bed Combustion (AFBC)—AFBC is an advanced coal buring technology that is expected to greatly reduce releases of sulfur and nitrogen oxides. TVA has built and tested a 20-MW AFBC pilot plant and, in cooperation with EPRI and private utilities, is building a 160-MW demonstration scale plant. Results of this research will be of use in designing commercial-scale plants throughout the country. Not only should this research lead to more cost-effective emission control capabilities but it should also lead to cost savings by allowing for economical and environmentally acceptable use of the Nation's abundant high-sulfur fuel resources.

Reservoir Releases Improvement—Impaired water quality as a result of dam releases has been a TVA concern since the 1960s. TVA has been developing and testing a variety of technologies for improving dissolved oxygen content in these waters which hold promise for enhancing environmental and economic opportunities below dams in the TVA system, as well as in many other parts of the Nation.

Many environmental needs go unanswered because of the financial and technical difficulties they impose. TVA technical capabilities; environmental stewardship responsibilities; public participation skills; contacts with the business, regulatory, and research communities; and facilities represent a powerful mix that enables us to address many of the most important environmental issues of today.

2. Question: This work implies a strong national demonstration role for TVA. Are there other areas in which this role is evident?

Answer: The attached material highlights some of TVA's work having relevance to others facing similar challenges across the Nation.

Burdick

3. Question: One of the principal reasons given for the Administration's proposed reductions to TVA's budget in 1987 is that the eliminated funding could be replaced by fees. What are some of the items that are supposed to be funded with fees and what is the likelihood of your being successful?

Answer: The Administration's proposed fee funding includes LBL, recreation areas, and large amounts of fertilizer research.

- LBL currently costs about $7 million per year to operate and maintain as a multiple use area. It performs environmental and energy education functions as well as conducting R&D in recreation and land use management. Revenue is already generated from charging fees for camping, hunting, timber harvests, agricultural licenses, and special events. It is not clear what charges the Administration believes will produce $7 million additional.

- The recreation areas located in the immediate vicinity of TVA dams will be maintained, but at a reduced level. The areas located on the reservoir are to be funded from fees. These are mostly "bare bones" launch sites with picnic tables and a parking lot designed as much as a land management strategy as to provide recreation. TVA has already turned the better sites over to the States or the private sector for management. It is not clear who is going to pay to use these facilities, or who is going to collect the fees and how much beyond that individual's salary we can collect.

- The fertilizer program is currently a $70 million operation of which approximately $25 million is generated from the sale of experimental products. The appropriation is needed to a large extent to overcome the transportation disadvantage of shipping from Muscle Schoals, and the small size and advanced age of our facilities. One cannot sell at market prices with those handicaps. We are agressively seeking additional revenues from joint ventures etc., but the potential is in the $1 million range, not the $20 million needed to offset the appropriation investment foregone.

All of these areas are already tightly managed. The size funding reductions proposed can not be made up totally in user fees; thus, the programs will suffer greatly.

4. Question: TVA received an appropriation in 1986 of $113 million of which $104 million was new budget authority and $9 million was from carryforward. Is the $104 million in new budget authority the appropriate number on which to base a comparison in 1987?

Answer: No. The appropriate figure for comparison is the total program number of $113 million. The $9 million from prior years is not allocated to a single project or program such as balances associated with a dam or other project might be. It is instead a part of the basic financing of all appropriated programs in 1986, and was so spread across programs in the table included in the conference report for TVA's 1986 appropriation.

Burdick

5. Question: How does the Administration's request for 1987 of $58 million compare with appropriations since 1980?

Answer: TVA's budget has declined from $222 million in 1980 to $113 million in 1986.

The Administration has proposed a further reduction to $58 million in 1987.

There have been some extraordinary items which have served to increase the budget temporarily over the years—coal gas, jobs bill, etc.—but even if those are excluded, the decline has been rather severe. The attached chart illustrates the severity of the decline after allowing for the extraordinary items listed above.

6. Question: What personnel increases or decreases are being proposed program by program? How will this affect the agency's ability, including any additional time it will take, to carry out its program responsibilities?

Answer: The Administration's passback of funding for fiscal year 1987 gave no directions for reducing unemployment. The attached table reflects the estimated reductions to TVA employment based upon the Administration's reduced 1987 funding level.

The estimated reduction in employment levels in 1987 will greatly hamper TVA's ability to provide a multidisciplinary work force that is essential in carrying out the TVA mission.

	1985		1986		1987	
	ASP*	Total FTE**	ASP*	Total FTE**	ASP*	Total FTE**
CAPITAL INVESTMENT						
New lock at Pickwick Landing Dam.......	9	52	2	13	-	-
Columbia Dam and Reservoir............	15	42	10	30	-	-
Dam safety modifications...............	12	35	17	98	7	54
Additions and improvements............	10	48	17	88	7	25
Water resources........................	1	1	-	-	-	-
Land and forest resources..............	1	3	1	2	-	-
Land Between The Lakes facilities......	1	1	1	1	-	-
Economic resources.....................	1	1	-	-	-	-
Fertilizer test facilities.............	39	75	34	69	30	62
Ammonia-from-coal facility.............	3	8	-	-	-	-
North Alabama coal-to-methanol project.	13	51	8	45	-	-
General facilities.....................	10	31	11	27	5	13
Total capital investment..........	115	348	101	373	49	154
OPERATING EXPENSES						
NATURAL RESOURCES						
Water resources........................	160	179	145	173	74	88
Reservoir system operations............	534	661	536	689	367	500
Land and forest resoruces..............	57	57	48	48	3	3
Resource management and development support...............................	69	76	68	71	34	37
Land Between The Lakes.................	140	235	125	220	-	-
Total natural resources...........	822	1,208	922	1,201	478	628
ECONOMIC RESOURCES						
Economic resources.....................	95	100	88	100	-	-
Community resources....................	12	21	-	-	-	-
Total economic resources..........	107	121	88	100	-	-
AGRICULTURAL RESOURCES DEVELOPMENT.....	31	31	23	23	-	-
NATIONAL FERTILIZER DEVELOPMENT						
Fertilizer research....................	174	174	171	185	132	132
Technology introduction................	304	588	294	578	275	540
Ammonia-from-coal process..............	5	9	1	1	-	-
Hardwood fuels research................	38	47	38	38	-	-
Total national fertilizer development.....................	521	818	504	802	407	636
GENERAL SERVICES.......................	7	20	10	21	9	20
Total.............................	1,603	2,546	1,648	2,520	943	1,438

*Annual salary policy.
**Full-time equivalent.

Burdick

7. Question: TVA has taken issue in the past with the way OMB accounts for power system borrowings as contributing to the Federal deficit. Is this still an issue? Briefly enumerate the main points of the TVA position.

Answer: It continues to be TVA's position that OMB's practice of accounting for power system borrowings in the budget as contributing to the Federal deficit is inaccurate and misleading. At a time when deficit reduction is of preeminent importance and dramatic cuts are proposed in both important national defense and domestic programs, it appears counterproductive to include in the deficit's calculation any transactions which are neither obligations of nor guaranteed by the Nation's taxpayers and do not require the use of taxpayer monies.

OMB's current practice of accounting for TVA power program borrowings in the same manner as if they were funded with taxpayer monies is inconsistent with the legal nature of these transactions. TVA bonds are by law neither obligations of nor guaranteed by the United States Government and do not involve the use of taxpayer monies or create any taxpayer contingent liability. The principal and interest on TVA bonds are payable exclusively from TVA power system revenues. The bond convenants for TVA bonds, which are legally binding, require that TVA power system funds be used only for power program purposes in order to provide security for TVA bondholders through private contractual rights.

TVA power program funds are not legally available for other governmental purposes and are not Government funds. When the TVA power program was placed on a self-financing basis in 1959, the

Senate Public Works Committee stated that the nongovernmental funds nature of TVA bond proceeds meant that they should not be treated in the budget as affecting the national deficit and instructed OMB not to treat them in that manner. OMB, however, refused to change the budgetary treatment of TVA's borrowing authority and continued to treat it in the same manner as it did prior to the self-financing amendment.

After the enactment of the Congressional Budget Act of 1973, the Senate Environment and Public Works Committee has twice reported legislation which enacted increases in TVA's bond ceiling (1975 and 1979). In both reports, the committee stated that TVA power program funds are not Government funds and that OMB was incorrect in presenting TVA borrowing transactions as affecting the deficit. For example, in its March 15, 1979, report to the Senate Budget Committee, the Environment and Public Works Committee stated:

> The committee has included the amount here in order to be consistent with the administrative and congressional budget processes, but renews its request (as made in 1975—Senate Report No. 94-461) that in the future this item be carried not as "budget authority", but as a separate item in a manner consistent with the Tennessee Valley Authority Act, as amended.

The Senate Budget Committee has shared this view, stating in its Budget Resolution report that included the 1975 bond ceiling increase that OMB's practice was misleading and ought to be discontinued. OMB has, however, continued its practice despite further objections by congressional committees.

In recent times, some have alleged that it is TVA's borrowing from the Federal Financing Bank that justifies including TVA borrowing activities in the calculation of the deficit (although OMB's budgetary treatment of TVA would not change even if TVA sold its bonds in the bond market rather than to the FFB). TVA's sale of its bonds to the FFB should not be viewed as contributing to the deficit, however, because the interest rate paid by TVA to the FFB fully compensates the Treasury Department for its cost of money, plus a one-eighth of 1-percent surcharge which yields a profit to the Treasury on its investment.

The enactment of Gramm-Rudman-Hollings created new budget procedures which tend to reinforce OMB's practice. However, while those new procedures are appropriate for transactions involving Federal Government guarantees and the imposition of contingent liabilities on the taxpayer, they incorrectly reflect transactions of the TVA power system. Since the principal and interest on TVA bonds are not payable from taxpayer monies and there is no contingent liability which must be borne by the taxpayers, it continues to be inaccurate to reflect the use of TVA's bond proceeds as being a use of taxpayer monies contributing to the deficit.

DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
WASHINGTON, D.C. 20590

OFFICE OF
THE ADMINISTRATOR

February 25, 1986

IN REPLY REFER TO:
HCC-10

The Honorable Robert T. Stafford
Chairman, Committee on Environment
and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This is in response to your letter of January 28, cosigned by Senator Lloyd Bentsen, asking that we submit written testimony in connection with your Committee's report to the Committee on the Budget under the Balanced Budget and Emergency Deficit Control Act of 1985. Enclosed are our responses to the questions posed in your letter. Please contact me if I can be of any further assistance.

An identical letter is being sent to Senator Bentsen.

Sincerely yours,

R A Barnhart

R. A. Barnhart
Federal Highway Administrator

Enclosures

QUESTION No. 1: Please discuss the effect of proposed sequestrations of FY 86 funds on the Federal Highway Administration programs. Will agency staff levels be reduced and what projects will be affected or terminated as a result?

ANSWER: Effect of Sequestration

Consistent with Public Law 99-177 and the pursuant February 1, 1986, sequestration order, the budget authority, obligations, obligation limitations, and resulting outlays for the Federal Highway Administration are being reduced. As is the case with other affected domestic programs, the rate of reduction is 4.3 percent. In total, the budget authority is being reduced by $663.6 million, obligations by $552.1 million, and outlays by an estimated $98.5 million. Most significantly, a reduction of $659.799 million in the FY 1986 Federal-aid contract authority was required, with FY 1986 apportionments, including FY 1987 Interstate and 4R, reduced by 4.3 percent. The FY 1986 obligation limitation is also being reduced by $548.250 million from $12.750 billion to approximately $12.202 billion. All other new budget authority becoming available during FY 1986 is also being reduced by 4.3 percent as are limitations on General Operating Expenses and Right-of-Way Revolving fund gross obligations. Attachment 1 is a copy of the Report on Programs, Projects, and Activities required on February 1, as it affects FHWA.

Staffing

We do not expect to initiate any reductions in force or furloughs as a result of the Gramm-Rudman-Hollings Act ("Gramm-Rudman").

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

FEB 1 1986

The Honorable George Bush
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

Pursuant to direction in the Presidential Order on Emergency Deficit Control Measures for Fiscal Year 1986, dated February 1, 1986, I am submitting the enclosed report on programs, projects and activities, required by Section 252(a)(5) of Public Law 99-177.

With best wishes.

Sincerely,

Elizabeth
Elizabeth Hanford Dole

Enclosures

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Federal Highway Administration

Account Title: Access Highways to Public Recreation Areas on Certain Lakes

Account ID code: 21-05-0503-X-1-401-A; 69-0503

Source: Conference Report 99-450

Program, project, activity	Budgetary Resources	
	Base	Sequester
No Programs, Projects, or Activities		
Total	$ 5,000	$ 215

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Federal Highway Administration

Account Title: Motor Carrier Safety

Account ID code: 21-05-0552-X-1-401-A; 69-0552

Source: House Report 99-256

	Budgetary Resources	
Program, project, activity	Base	Sequester
1. Motor Carrier Safety Operations	$11,346	$ 488
2. Motor Carrier Safety Contract Research	953	41
3. Administrative Support	1,601	69
Total	$13,900	$ 598

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Federal Highway Administration

Account Title: Railroad-Highway Crossings Demonstration Projects

Account ID code: 21-05-0557-X-1-401-A; 69-0557

Source: Conference Report 99-450

Program, project, activity	Budgetary Resources Base	Budgetary Resources Sequester
1. Lincoln, Nebraska	$ 1,000	$ 43
2. Pine Bluff, Arkansas	333	14
3. Augusta, Georgia	333	14
4. Carbondale, Illinois	1,000	43
5. Brownsville, Texas	833	36
6. Lafayette, Indiana	1,833	79
Total	$ 5,333*	$ 229

* Includes only the 1/3 from Federal Funds; See Trust Fund Share for remaining 2/3.

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Federal Highway Administration

Account Title: Waste Isolation Pilot Projects Roads

Account ID code: 21-05-0562-X-1-401-A; 69-0562

Source: Conference Report 99-450

Program, project, activity	Budgetary Resources	
	Base	Sequester
No Programs, Projects, or Activities		
Total	$ 7,000	$ 301

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Federal Highway Administration

Account Title: Expressway Gap Closing Demonstration Project

Account ID code: 21-05-0563-X-1-401-A; 69-0563

Source: Conference Report 99-450

Program, project, activity	Budgetary Resources	
	Base	Sequester
No Programs, Projects, or Activities		
Total	$ 9,000	$ 387

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Federal Highway Administration

Account Title: Trust Fund Share of Other Highway Programs

Account ID code: 21-05-8009-X-7-401-A; 69-8009

Source: Conference Report 99-450

Program, project, activity	Budgetary Resources Base	Budgetary Resources Sequester
1. Lincoln, Nebraska	$ 2,000	$ 86
2. Pine Bluff, Arkansas	667	29
3. Augusta, Georgia	667	29
4. Carbondale, Illinois	2,000	86
5. Brownsville, Texas	1,667	72
6. Lafayette, Indiana	3,667	158
Total	$10,667*	$ 459

* Includes 2/3 of Railroad-Highway Crossings Demos financed by Trust Funds.

Details may not add to total due to rounding.

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Federal Highway Administration

Account Title: Baltimore-Washington Parkway

Account ID code: 21-05-8014-X-7-401-A; 69-8014

Source: Conference Report 99-450

Program, project, activity	Budgetary Resources Base	 Sequester
No Programs, Projects, or Activities		
Total	$ 3,000	$ 129

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
(\$000)

Agency: Federal Highway Administration

Account Title: Highway Safety Research and Development

Account ID code: 21-05-8017-X-7-401-A; 69-8017

Source: Conference Report 99-450

Program, project, activity	Budgetary Resources	
	Base	Sequester
No Programs, Projects, or Activities		
Total	\$ 8,500	\$ 366

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Federal Highway Administration

Account Title: Highway-Related Safety Grants

Account ID code: 21-05-8019-X-7-401-A; 69-8019

Source: FY 1986 Budget Appendix

Program, project, activity	Budgetary Resources Base	 Sequester
1. State and Community Grants	$ 9,900	$ 426
2. Administration of Grants	100	4
Total	$10,000	$ 430

Page 2 of 2

PROGRAM, PROJECT, ACTIVITY DETAIL
(\$000)

Agency: Federal Highway Administration

Account Title: Highway-Related Safety Grants

Account ID code: 21-05-8019-X-7-401-A; 69-8019

Source: Conference Report 99-450

Program, project, activity	Obligation Limitation Base	Obligation Limitation Sequester
No Programs, Projects, or Activities		
Total	\$10,000	\$ 430

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Federal Highway Administration

Account Title: Motor Carrier Safety Grants

Account ID code: 21-05-8027-X-7-401-A; 69-8027

Source: Conference Report 99-450

Program, project, activity	Budgetary Resources Base	Budgetary Resources Sequester
No Programs, Projects, or Activities		
Total	$17,000	$ 731

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Federal Highway Administration

Account Title: Federal-Aid Highways (Trust Fund)

Account ID code: 21-05-8102-X-7-401-A; 20-8102

Source: FY 1986 Budget Appendix

	Budgetary Resources	
Program, project, activity	Base	Sequester
1. Interstate construction	$ 3,960,000	$170,280
2. Interstate 4R	3,118,500	134,096
3. Interstate substitutions	719,562	30,941
Includes Earmarking of Discretionary Interstate Substitution Allocations to		
3a. Arizona	(1,128)	(49)
3b. Colorado	(25,500)	(1,097)
3c. Illinois	(48,647)	(2,092)
3d. Indiana	(2,500)	(108)
3e. Iowa	(6,125)	(263)
3f. Maryland	(31,600)	(1,359)
3g. Duluth, Minn.	(6,000)	(258)
3h. Minneapolis-St. Paul, Minn.	(2,000)	(86)
3i. New Jersey	(10,000)	(430)
3j. New York	(6,050)	(260)
3k. Ohio	(16,500)	(710)
3l. Oregon	(11,350)	(488)
3m. Pennsylvania	(7,050)	(303)
3n. Virginia	(6,800)	(292)
4. Primary System	2,479,572	106,622
5. Secondary System	643,500	27,671
6. Urbanized Area Transportation Programs	792,000	34,056
7. Bridge Programs	2,029,500	87,269
8. Consolidated Safety Programs	386,100	16,602
9. Administration and Research	143,838	6,185
10. Other	1,071,591	46,078
Total	$15,344,163	$659,799

Details may not add to total due to rounding.

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Federal Highway Administration

Account Title: Federal-Aid Highways (Trust Fund)

Account ID code: 21-05-8102-X-7-401-A; 20-8102

Source: Conference Report 99-450

Program, project, activity	Obligation Limitation	
	Base	Sequester
1. Programs subject to Federal-Aid Highways Limitation	$12,750,000	$548,250
2. Limitation, General Operating Expenses -- Contract Programs (Includes obligations under Federal-Aid Highways and other accounts)	(48,415)	(2,082)
3. Limitation, General Operating Expenses, Other (Includes obligations under Federal-Aid Highways and other accounts)	(155,346)	(6,680)
Total	$12,750,000	$548,250

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: Federal Highway Administration

Account Title: Right-of-Way Revolving Fund
(Trust Revolving Fund)

Account ID code: 21-05-8402-X-8-401-A; 69-8402

Source: Conference Report 99-450

Program, project, activity	Direct Loan Limitation Base	Direct Loan Limitation Sequester
No Programs, Projects, or Activities		
Total	$50,000	$2,150

01/31/86
HFS-1

FEDERAL HIGHWAY ADMINISTRATION
SUMMARY OF REDUCTIONS UNDER
GRAMM-RUDMAN-HOLLINGS LEGISLATION

	APPORTIONMENTS		
	CURRENT	REVISED APPORTIONMENTS UNDER G-R-H	AMOUNT REDUCED
INTERSTATE CONSTRUCTION	$ 3,640,200,000	$ 3,483,671,400	$156,528,600
INTERSTATE 4R	3,102,907,500	2,969,482,478	133,425,022
INTERSTATE TRANSFER	538,312,500	515,165,063	23,147,437
CONSOLIDATED PRIMARY	2,467,444,220	2,361,344,122	106,100,098
RURAL SECONDARY	640,282,500	612,750,352	27,532,148
URBAN SYSTEM	788,040,000	754,154,280	33,885,720
BRIDGE REPLACEMENT & REHABILITATION	1,829,500,000	1,750,831,500	78,668,500
HAZARD ELIMINATION	198,000,000	189,486,000	8,514,000
RAIL-HIGHWAY CROSSINGS	188,100,000	180,011,700	8,088,300
MINIMUM ALLOCATION	650,090,503	622,136,611	27,953,892
METROPOLITAN PLANNING	54,697,500	52,345,508	2,351,992
SUBTOTAL	$14,097,574,723	$13,491,379,014	$606,195,709
OTHER	ALLOCATION	REDUCED ALLOCATION UNDER G-R-H	AMOUNT REDUCED
EMERGENCY RELIEF	$ 100,000,000	$ 95,700,000	$ 4,300,000
FOREST HIGHWAYS	49,000,000	46,893,000	2,107,000
PUBLIC LANDS	49,500,000	47,371,500	2,128,500
INDIAN RESERVATION & ROADS	99,000,000	94,743,000	4,257,000
PARKWAYS & PARK ROADS	99,000,000	94,743,000	4,257,000
DEMO. PROJECT - 131(J)	25,000,000	23,925,000	1,075,000
INTERSTATE DISCRETIONARY	300,000,000	287,100,000	12,900,000
BRIDGE DISCRETIONARY	200,000,000	191,400,000	8,600,000
DISCRETIONARY INTERSTATE TRANSFER	181,250,000	173,456,250	7,793,750
ADMINISTRATIVE TAKEDOWN	143,837,500	137,652,459	6,185,041
SUBTOTAL	$ 1,246,587,500	$ 1,192,984,209	$ 53,603,291
TOTAL APPORTIONMENTS & OTHER - FEDERAL-AID HIGHWAYS	$15,344,162,223	$14,684,363,223	$659,799,000

QUESTION NO. 2: Please discuss in detail the budget request for FY 1987. How do these figures compare to the amounts actually appropriated in FY 86 and with levels of funding if the proposed sequester takes effect?

Detailed Description of FY 1987 Budget

Attachment B provides a detailed description of the FY 1987 Budget of the Federal Highway Administration.

Comparison

The following table gives an overview of the FY 1987 total request and its comparison to the FY 1986 enacted and the FY 1986 Gramm-Rudman level (millions):

	FY 1986 Enacted	FY 1986 After Sequester	FY 1987 Estimated
Contract/Budget Authority	$15,438	$14,774	$12,811
Obligations	14,116	13,564	12,839
Outlays	13,993	13,894	13,385

DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
SUMMARY OF REQUIREMENTS
INCLUDING F.Y.1986 REQUIREMENTS
REQUESTED BY APPROPRIATIONS
COMMITTEES
(PROGRAMS,PROJECTS,AND ACTIVITIES APPLICABLE IN
F.Y. 1986-SHOWN IN OTHER YEARS FOR COMPARATIVE
PURPOSES ONLY) IN THOUSANDS OF DOLLARS

	F.Y.1985 Actual	F.Y.1986 Enacted	F.Y.1986 After Sequestering	F.Y.1986 Adjusted	F.Y.1987 Estimated
LIMITATION ON GENERAL OPERATING EXPENSES					
Limitation	(204,452)	(203,761)	(194,999)	(194,999)	(206,191)
Program,Project,and Activity:					
Contract Programs	(57,750)	(48,415)	(46,333)	(39,614)	(41,038)
Other	(146,702)	(155,346)	(148,666)	(155,385)	(165,153)
Positions	2,673	2,629	2,629	2,629	2,463
Full-time equivalents	2,692	2,704	2,689	2,680	2,516
MOTOR CARRIER SAFETY(GENERAL FUNDS)					
Budget Authority (Appropriation)	13,902	13,900	13,302	13,302	...
Program,Project,and Activity:					
Motor Carrier Operations	(11,139)	(11,364)	(10,876)	(12,590)	...
Motor Carrier Research	(1,162)	(953)	(912)	(712)	...
Administrative Support	(1,601)	(1,601)	(1,532)	...	...
Obligations	12,868	15,020	14,422	14,422	...
Outlays	12,837	14,450	13,913	13,913	1,601
Positions	271	373	373	373	...
Full-time equivalents	248	305	305	305	...
MOTOR CARRIER SAFETY(TRUST FUNDS)					
Budget Authority (Appropriation)	...	...	...		19,515
Obligations	...	...	...		19,515
Outlays	...	...	...		17,114
Positions	...	...	...		433
Full-time equivalents	...	...	...		401
HIGHWAY SAFETY RESEARCH AND DEVELOPMENT					
Budget Authority (Appropriation)	8,500	8,500	8,134		7,000
Obligations	7,644	9,533	9,167		7,000
Outlays	9,750	8,243	8.175		9,081

	F.Y. 1985 Actual	F.Y. 1986 Enacted	F.Y. 1986 After Sequestering	F.Y. 1986 Adjusted	F.Y. 1987 Estimated
HIGHWAY-RELATED SAFETY GRANTS					
Contract Authority	10,000	10,000	9,570		10,000
Program, Project, and Activity					
State and Community Grants	(9,900)	(9,900)	(9,474)		(9,900)
Administration of Grants	(100)	(100)	(96)		(100)
Obligation Limitation	(10,000)	(10,000)	(9,570)		(10,000)
Obligations	10,000	10,000	9,570		10,000
Outlays	11,540	9,791	9,705		10,006
Liquidating Cash	5,000	9,000	9,000		12,000
RAILROAD-HIGHWAY CROSSINGS DEMONSTRATION PROJECTS(Sec 163) 10 CITIES					
Budget Authority (Appropriation)	9,880	5,333	5,104		...
Program, Project, and Activity					
Lincoln, Nebraska	(600)	(1,000)	(957)		...
Pine Bluff, Arkansas	(1,966)	(333)	(319)		...
Augusta, Georgia	(1,613)	(333)	(319)		...
Carbondale, Illinois	(167)	(1,000)	(957)		...
Brownsville, Texas	(500)	(833)	(797)		...
Lafayette, Indiana	(2,333)	(1,833)	(1,754)		...
Springfield, Illinois	(2,700)	...	...		...
Obligations	4,400	8,400	8,171		9,140
Outlays	3,090	5,734	5,700		7,473
MISCELLANEOUS APPROPRIATIONS					
Budget Authority (Appropriation)	13,750	...	...		...
Obligations	12,107	87,070	87,070		...
Outlays	243,905	123,575	123,575		107,405
ACCESS HIGHWAYS TO...LAKES					
Budget Authority (Appropriation)	5,000	5,000	4,785		...
Obligations	9,246	12,430	12,223		...
Outlays	4,133	10,190	10,160		9,600
WASTE ISOLATION PILOT PROJECT ROADS					
Budget Authority (Appropriation)	16,400	7,000	6,699		...
Obligations	12,123	11,277	10,976		...
Outlays	295	9,010	9,262		8,005

	F.Y.1985 Actual	F.Y.1986 Enacted	F.Y.1986 After Sequestering	F.Y.1986 Adjusted	F.Y.1987 Estimated
FEDERAL-AID HIGHWAYS (LIQUIDATION OF CONTRACT AUTHORIZATION					
Contract Authority	14,988,842	15,344,163	14,684,364	14,684,364	12,770,000
Program,Project,and Activity:					
Interstate construction-(primary-FY87)	(3,960,000)	(3,960,000)	(3,789,720)	(3,789,720)	(7,616,533)
Interstate 4R	(2,772,000)	(3,118,500)	(2,984,405)	(2,984,405)	...
Interstate substitutions	(694,750)	(719,562)	(688,621)	(688,621)	(400,750)
Primary System	(2,328,693)	(2,479,572)	(2,372,950)	(2,372,950)	...
Secondary System	(643,500)	(643,500)	(615,830)	(615,830)	...
Urbanized Trns Programs	(792,000)	(792,000)	(757,944)	(757,944)	...
Bridge Programs	(1,732,500)	(2,029,500)	(1,942,232)	(1,942,232)	(1,221,075)
Consolidated Safety Programs	(386,100)	(386,100)	(369,496)	(369,496)	(256,700)
Administration and Research	(135,650)	(143,830)	(137,653)	(137,653)	(230,700)
Block Grants	...	...	...	...	(2,200,000)
Motor Carrier Safety Grants	...	...	...	...	(50,000)
Other	(1,463,440)	(1,071,501)	(1,025,513)	(1,025,513)	(885,355)
Obligation Limitation	(13,250,000)	(12,750,000)	(12,201,750)	(12,201,750)	(12,420,000)
Obligations	14,055,354	13,905,000	13,384,750	13,384,750	12,770,000
Outlays	12,504,323	13,750,000	13,665,092	13,665,092	13,183,770
Liquidating Cash	12,800,000	13,036,000	13,036,000	13,036,000	13,036,000
Positions	243	225	225	225	230
Full-time equivalents	271	272	272	272	282
RIGHT-OF-WAY REVOLVING FUND (LIQUIDATION OF CONTRACT AUTHORIZATION					
Obligations	36,040	...	...	...	..
Outlays	(15,090)	...	(2,150)	(2,150)	...
Loan Limitation	(50,000)	(50,000)	(47,850)	(47,850)	(50,000)
TRUST FUND SHARE OF OTHER HIGHWAY PROG					
Budget Authority (Appropriation)	19,760	10,667	10,208	10,208	...
Program,Project,and Activity:					
Lincoln,Nebraska	(1,200)	(2,000)	(1,914)	(1,914)	...
Pine Bluff,Arkansas	(3,933)	(667)	(638)	(638)	...
Augusta,Georgia	(3,227)	(667)	(638)	(638)	...
Carbondale,Illinois	(334)	(2,000)	(1,914)	(1,914)	...
Brownsville,Texas	(1,000)	(1,667)	(1,595)	(1,595)	...
Lafayette,Indiana	(4,066)	(3,667)	(3,509)	(3,509)	...
Springfield,Illinois	(5,400)	...	...	...	...
Obligations	8,800	10,600	10,141	10,141	10,276
Outlays	10,290	12,475	12,406	12,406	15,444

	F.Y.1985 Actual	F.Y.1986 Enacted	F.Y.1986 After Sequestering	F.Y.1986 Adjusted	F.Y.1987 Estimated
MOTOR CARRIER SAFETY GRANTS					
Budget Authority (Appropriation)	14,000	17,000	16,259		...
Obligations	12,111	19,757	19,026		...
Outlays	9,072	27,265	26,303		932
MISCELLANEOUS TRUST FUNDS					
Budget Authority (Appropriation)	7,306	4,322	4,322		4,901
Obligations	6,034	5,153	5,153		4,901
Outlays	6,390	5,372	5,372		3,505
Liquidating Cash	34	810	810		...
Positions	30	15	15		15
Full-time equivalents	17	16	16		16
BALTIMORE-WASHINGTON PARKWAY					
Budget Authority (Appropriation)		3,000	2,871		...
Obligations	...	3,000	2,871		...
Outlays	...	810	794		1,091
MISCELLANEOUS HIGHWAY TRUST FUNDS					
Budget Authority (Appropriation)	2,750	...	...		...
Obligations	324	3,556	3,556		...
Outlays	1,506	3,000	3,000		3,321
EXPRESSWAY GAP CLOSING DEMONSTRATION					
Budget Authority (Appropriation)		9,000	8,613		...
Obligations	...	9,000	8,613		...
Outlays	...	1,800	1,729		2,750

	F.Y.1985 Actual	F.Y.1986 Enacted	F.Y.1986 After Sequestering	F.Y.1986 Adjusted	F.Y.1987 Estimated
GRAND TOTAL-FHWA					
Contract Authority/Budget Authority	15,029,370	15,437,885	14,774,241		12,811,496
Obligations	14,188,839	14,115,812	13,563,717		12,838,920
Outlays	12,833,068	13,992,733	13,894,215		13,385,246
Liquidating Cash	12,885,034	13,845,818	13,845,818		13,840,000
Positions:					
Direct	3,225	3,242	3,242		3,141
Financed from transfer and reimbursable accounts	181	216	216		186
Total Positions	3,406	3,458	3,458		3,327
Full-time Equivalents					
Direct	3,228	3,297	3,281		3,215
Financed from transfer and reimbursable accounts	229	243	243		207
Not subject to Ceiling	97	75	75		75
Total Full-time Equivalents	3,554	3,615	3,599		3,497

QUESTION 3: Rationale for the increases or decreases in funding for fiscal year (FY) 1987.

ANSWER: The FY 1987 obligation ceiling for the programs in the Federal-aid account would be approximately the same as the FY 1986 Gramm-Rudman levels. The FY 1987 ceiling is proposed to be $12,420 million compared to the FY 1986 ceiling of $12,202 million ($12,750 million before Gramm-Rudman cuts). The 1987 level is deficit neutral, meaning that authorizations and obligations equal revenue accruing to the Trust Fund during the year excluding interest. Thus, a negative impact on the budget is avoided, while maintaining about the same ceiling as last year.

When budget authority for the two years is compared, FY 1987 levels are lower -- $12,770 million compared to $14,684 million after Gramm-Rudman. The reductions in the 1987 program are taken mainly from the Interstate construction program which is proposed by the STRA of 1986 to become part of a new combined program encompassing Interstate construction, Interstate 4R, and primary. Funds authorized for the combined program may be used for any improvement that had been eligible under the separate programs. The part of the program to be distributed on the basis of the Interstate Cost Estimate will be about $1.6 billion in FY 1987 compared to $4.0 billion in FY 1986. Also, the Interstate substitution program was reduced by providing a single authorization of $500 million for highway and transit compared to a total of $903 million that was separately provided in FY 1986.

We considered this reduction the most appropriate since, as the construction of the Interstate winds down, a greater proportion of the available funds can be shifted to preserving the existing system. Since the combined program provides the capability to direct funds where they are needed, the States with relatively high Interstate construction needs will still be able to complete their portions of the system. The reduction in Interstate substitution is consistent with the reduced emphasis on completion of the system.

QUESTION NO. 4: What personnel increases or decreases are being proposed? How will this affect the agency's ability, including the additional time it will take to carry out its program responsibilities?

Increases/Decreases

With respect to staffing, the following brief table bridges from FY 1986 to FY 1987 (full-time equivalent):

FY 1986	
FY 1986 Enacted	3,514
BMCS Reprogramming	+26
FY 1986 Column of FY 1987 Budget Base	3,540
GOE Decrease for BMCS Increase (87 Adjustment shown in 86)	-16
FY 1986 Column of FY 1987 Budget Adjusted	3,524
FY 1987 Changes	
BMCS Reprogramming-Add'l staff	96
GOE Privatization of R&D Facility	-158
GOE Consolidations and Savings	-14
Elimination of Appalachian Program	-20
Termination of FHWA work on Northeast Corridor Program	-6
FY 1987 Budget to Congress	3,422

Effect of Changes

With respect to the effect of the changes, the following is noted: a) the increase in BMCS staffing should significantly contribute to the safety of the Nation's highways; b) the termination of FHWA participating in both the Northeast Corridor and Appalachian Highway programs are planned phase-outs and assuming that both programs are phased out (this is beyond FHWA's control), there will be no adverse impact; c) the privatization of the Research facility is the subject of a good faith effort and study on the part of FHWA to determine feasibility of contracting out; replacement of high quality FHWA personnel is a chief criterion; d) the other "tightening of the belt" in GOE, which calls for a reduction of 14 full-time equivalents (total FY 1986 and FY 1987), will be achieved in such a way so that basic operations and program progress are not adversely affected.

Q&A-#4
02/06/86

QUESTION 5: Please indicate if any legislative initiatives are necessary, or are being considered, to implement any part of the agency's fiscal year (FY) 1987 budget request.

ANSWER: Since there are no authorizations for the highway program beyond FY 1986 except for the Interstate System, authorizing legislation is necessary to implement essentially all of our FY 1987 budget request. The necessary authorizing legislation was submitted to the President of the Senate, and Speaker of the House on February 5, 1986, by the Secretary. The major provisions of our bill are described in the attached summary. Total authorizations for all programs included in the bill are set to be deficit neutral, that is, total authorizations equal anticipated revenues to the Highway Trust Fund excluding interest.

LEG-#61
02/06/86

Major Provisions of Federal Highway Administration (FHWA) Fiscal Year's (FY) 1987-1990 Highway Reauthorization Proposal

FEDERAL HIGHWAY TAXES

We are proposing to extend the Highway Trust Fund (HTF) and its user fees for 4 years. Eight years was originally selected as the minimum time period adequate to illustrate the structure of the highway program once the Interstate is complete (1990). It was recognized that the Congress may not be prepared to enact a bill with the longer time frame.

A major exemption to the user tax, gasohol use, is proposed for total elimination. The proposal to eliminate the exemption is consistent with the basic principle underlying the HTF; that those who give rise to the need for highway improvements should pay for them. Similarly, we are seeking the removal of the exemptions for transit and intercity buses. These exemptions are estimated to cost the Trust Fund about $600 million annually by 1990.

AUTHORIZATION LEVELS (See Attached Table 1)

The Federal-aid highway and related programs are proposed to be authorized at an average level of about $12.8 billion from the Highway Account (HA) of the HTF for FY's 1987-1990. The program levels are predicated on the estimated revenues to the HTF and, thus, are "deficit neutral." Major Federal responsibility will be retained only for the Federal-aid primary system (including its bridges and the Interstate System).

RESTRUCTURED INTERSTATE AND PRIMARY PROGRAMS

The Interstate construction, Interstate-4R (I-4R), and primary programs will be combined. The combined annual authorization level will be over $7.8 billion (as opposed to a total of over $9.6 billion in FY 1986 apportionments) for a total of about $31.4 billion over the 4-year period.

The combined program level is designed to meet the estimated highway needs of the Interstate System and other mileage on the Federal-aid primary system. The funds are to be apportioned to meet these needs nationally. Since the relative needs between Interstate and the other primary highways will vary among the States, the States will have the capability to direct the funds where they are needed.

The Federal share for Interstate projects will be 90 percent; for projects on the primary system it will be 75 percent. Availability for all components will be 4 years.

Of the total 4-year authorization, $6.5 billion represents the Interstate construction increment and will be distributed on the basis of cost-to-complete. The remaining authorized amount will be apportioned 55 percent on the basis of the current I-4R formula and 45 percent on the current primary formula, with no State receiving less than a one-half of 1 percent for either of the components.

Unobligated balances of previously apportioned or allocated Interstate construction funds can only be used for Interstate construction and these funds will lapse on October 1, 1990.

Any remaining Interstate construction discretionary funds on October 1, 1986, will be administered under current procedures. Unobligated balances of I-4R or primary funds can be used for either Interstate or primary projects. There will be no new discretionary funds for either Interstate construction or I-4R.

BRIDGE REPLACEMENT AND REHABILITATION

The existing and accruing bridge needs warrant continuation of a separate bridge replacement and rehabilitation program for the Federal-aid primary system (excluding Interstate System bridges). Interstate bridges are be excluded because the combined program will provide adequate funds to address bridge needs on the Interstate System. Funds for off-system bridges (including the current urban and secondary system bridges) will be included in the authorization for the Highway and Transit Block Grant.

The discretionary portion of the bridge program will be continued. This portion of the program provides additional funds for high cost bridges. The takedown from the Bridge Replacement and Rehabilitation authorization to finance discretionary bridges will be increased to $250 million. Eligibility is restricted to bridges costing more than $10 million or less than $10 million, but more than twice a State's annual apportionment.

For the apportioned part of the program, the funds will continue to be apportioned on the basis of cost estimates for bridges eligible for replacement or rehabilitation. The existing 10 percent maximum, and one-fourth percent minimum amounts for an individual State's share of the total annual apportionment will also be continued. The Federal share for the bridge program is reduced from the current 80 percent to 75 percent to be consistent with the Federal share for the primary system.

HIGHWAY AND TRANSIT BLOCK GRANT (HTBG)

The FHWA proposes a block grant from the HA of the HTF to be authorized in lieu of the present urban, secondary, and non-Federal-aid-primary bridge replacement and rehabilitation programs at a level of $2.2 billion annually. This will be combined with sums dedicated to the Mass Transit Account (MTA) resulting in a grant to the States for highway and mass transit improvements of approximately $3.3 billion per year after takedowns. Funds from both the HA and the MTA will be available for both highway and transit projects.

Contract authority will be granted for this program, i.e., after authorization, an appropriation is not be necessary in order to distribute the grant to the States. The Federal-aid urban and secondary systems are eliminated. Separate safety construction categories will remain outside the HTBG and are eligible on any road except hazard-elimination funds cannot be used on Interstate highways.

The formula for distributing the highway portion of the grant will provide approximately the same amounts each State would have received under the existing categorical programs. Urban areas are guaranteed an amount based approximately on the attributable amount they formerly received under an urban system apportionment, i.e., that portion resulting from the population centers of 200,000 population or more. The distribution method for the MTA portion will be in accordance with current Section 9 and 18 programs. Payout of the grant will approximate historical Federal-aid trends.

The HTBG funds will be eligible for any improvement now eligible under Title 23 on any public road , and for mass transportation capital projects. State or local match will be 25 percent for both highway and transit capital projects. In urban areas under 200,000 and in rural areas, HTBG funds may also be used for transit operating assistance in an amount not to exceed the amount used in FY 1985. The State or local match for transit operating assistance projects must be at least 50 percent.

Minimal requirements will be imposed. The Governor will certify annually that the funds to be received will be used for the above purposes, and that attributable HA and MTA funds will be made available to urbanized areas of 200,000 population or more for projects selected in accordance with applicable planning requirements. States must submit assurances of the following:

- Public hearings--State and localities must solicit public input on how funds are to be used.
- Consultation with local units of government on all projects.
- At least 25 percent of each capital project, and at least 50 percent of each transit operating assistance project is funded by the State/local contributions.
- Federal nondiscrimination, environmental, and uniform relocation assistance laws are adhered to. Approval of the State's assurances and periodic review will satisfy the Secretary's responsibilities under the National Environmental Protection Act.
- Laborers and mechanics employed on block grant projects must be paid in accordance with Davis-Bacon wage rate requirements.
- Establishment of necessary fiscal and accounting procedures. The Secretary and Comptroller General must be permitted access to fiscal records and to the construction sites.
- If it is found that any of these requirements are not being met, distribution of future payments will be withheld until the State demonstrates that the problem has been corrected.
- An independent audit of expenditures must be conducted annually.

Note - Additional assurances may be required by Urban Mass Transportation Administration.

MINIMUM APPORTIONMENT

The minimum apportionment feature was provided for the first time in the 1982 Surface Transportation Assistance Act (STAA). Referred to as "minimum allocation" in that Act, it was a temporary provision due to expire in FY-1986. Under our proposal, the feature is made permanent. The program categories used in this calculation will include Interstate/primary, bridge replacement and rehabilitation, Interstate substitute, railway-highway, hazard elimination, and the highway portion of the HTBG. A cap will be placed on the amount to be made available each year at $250 million. Eligible States will receive a proportionate share of the $250 million.

STREAMLINING AND FLEXIBILITY

The FHWA proposal contains numerous provisions with the expressed goal of reducing unnecessary and burdensome restrictions and requirements. States will have the flexibility to respond to special circumstances, and the Federal Government will be able to more efficiently and effectively deliver Federal assistance. The provisions briefly described below are illustrative.

Construction Inspections: To allow final inspections on Federal-aid projects on an as-needed basis, rather than on every project, the statutory language of Title 23 is revised to permit the Secretary to establish procedures for the inspection of such projects. State and local governments perform their own final inspections. Federal final inspections, in many instances, may be duplicative. Final inspections are time consuming and resource intensive when done on an every project basis. Inspections during the course of construction are usually more revealing and can be sufficient.

Urban Planning: To eliminate the statutory requirement for a continuing, cooperative, and comprehensive (3C) planning process in smaller urbanized areas, the threshold for this requirement is raised to 200,000 or more population. State and local officials can decide the decision making structure necessary to act on a transportation program for their particular urbanized area. The States rather than metropolitan planning organizations will be the recipients of metropolitan planning funds for the smaller urbanized areas. The statutory requirement for local consultation in any urban area of 50,000 population or more is retained. Such a system will not change the planning requirements for the urbanized areas above 200,000 population; nor will it prohibit the preparation of a transportation plan, the conduct of a 3C planning process, or the use of Federal planning funds for these activities in areas under 200,000 population as long as the Governor and local elected officials agree.

Tolls: Greater financing flexibility is provided to State and local governments by permitting the use of Federal-aid funds in the construction of new toll highways subject to a toll-free agreement or an agreement that any excess toll revenues will be used for highway improvements eligible under Title 23. States are also granted greater flexibility in operating toll facilities by eliminating the authority of the Federal Highway Administrator to determine the reasonableness of certain bridge toll rates. Draft toll legislation had been prepared as a separate bill for OST clearance, but will now be part of this comprehensive bill.

Federal Matching Requirements: The statutory language is amended to permit States to request a Federal matching share less than the maximum amount specified for any particular category, and permit adjustment in the matching ratio not to exceed the maximum specified rate. This will permit underfinancing presently permissible only under a limited number of circumstances.

Interstate Substitute Concept Program: The requirement for an approved Interstate substitute concept program originated with the September 30, 1983, deadline on withdrawals. Substitute projects had only to be approved "in concept" prior to that date to qualify for the "trade-in." No mechanism exists for changes to those concept programs, many of which are either insufficient, or out-of-date. The proposal amends Title 23 to repeal the requirement. It is to the State's advantage to expedite use of these funds since the 1982 STAA "froze" withdrawal values. The ability to change the concept program without FHWA involvement at this stage will avoid an administrative burden. The FHWA retains project approval prior to obligation.

Right-of-Way (ROW) Donations: Under current law, donations to a project are not available for use as a State's share since the FHWA reimburses only for actual costs incurred by a State. Therefore, donations to a project can now only be treated as a benefit to both the State and Federal Government by deducting that amount from the cost of construction to arrive at the new actual costs upon which the State share is based. The bill includes an amendment that provides for a State's matching share for Federal-aid projects to be credited by the value of donated cash and the fair market value of donated land. Under the proposed provision, the fair market value will be established under FHWA guidelines when the donation becomes effective, or when the State takes title, whichever is earlier. We believe such a provision will promote private contributions.

Highway Beautification: The requirement for just compensation has been eliminated. States may compensate for sign removal by amortization or cash payment. Control of outdoor advertising is only required in rural areas on the Interstate and primary systems. The mandatory 10 percent penalty for noncompliance is replaced with language permitting the Secretary to take whatever action is necessary to obtain compliance. Beginning with funds apportioned for FY 1987, States may use their Interstate/primary funds for sign removal. Similar modifications were made to the junkyard control program.

Payback Requirements: Whereas payback forgiveness provisions of highway law presently allow reuse of highway rights-of-way for public use without credit to the Highway Trust Fund, this provision will require payback for excess property unless the property will be applied to a transportation project. The current situation has and will continue to result in the diversion of substantial amounts of highway funds to nontransportation purposes. A 1982 survey of projects indicated that in excess of 3,700 acres of acquired right-of-way remain available for reuse. The potential exists for the possibility to recover $0.5 billion if the requirements of 23 U.S.C. 103 were revised.

SELECTED ADDITIONAL PROVISIONS

Certification Acceptance (CA): With the block grant program, certification acceptance (CA) would have been limited to the primary system, (16 States currently have primary system projects under CA). However, CA is also being eliminated from primary system projects including projects funded with bridge replacement and rehabilitation funds. Since the nonblock grant program is limited to programs of major Federal interest, it is appropriate for FHWA to be involved at all stages.

National Highway Institute (NHI) Training: 23 U.S.C. 321 currently allows States to use up to one-half percent of their primary, secondary, and urban system funds to pay for up to 75 percent of the cost of tuition and direct educational expenses for educating and training State and local highway department employees including training from other Federal agencies. This provision is revised to allow a State to use up to one-quarter percent of its Interstate/primary program funds for education and training including the cost for NHI-sponsored courses. The FHWA also is required to provide training at no cost for those subject areas deemed a Federal responsibility. The current procedure of charging non-Federal personnel trained by NHI has required the imposition of new, inefficient financial procedures. Also, it does not take into account the benefits accruing to the Federal-aid highway program because of better trained State and local personnel.

Highway Planning and Research Takedown: 23 U.S.C. 307 currently provides for a 1 1/2 percent takedown from the Interstate, Interstate 4R, primary, secondary and urban system and bridge replacement programs that must be used for highway planning and research activities. Section 307 is amended to require States to use not less than 1 1/2 percent of their apportioned Interstate/primary and bridge replacement and rehabilitation funds for planning and research. Planning and research is also an eligible activity for Interstate substitute and HTBG funds.

Some States who traded in a relatively large amount of their Interstate funds for Interstate substitute funds, have already experienced a significant reduction in the amount of funds available for highway planning and research. The funds available will be further reduced with the inclusion of the present urban and secondary system and the off-system portion of the bridge program in the HTBG.

Strategic Highway Research Program (SHRP): Research has received too little emphasis recently, and fewer innovative ideas have been made available to improve the efficiency and effectiveness of the highway program. The SHRP was developed cooperatively by the American Association of State Highway and Transportation Officials (AASHTO), and FHWA to address several critical research needs. The six items to be addressed under the program are: (1) asphalt, (2) maintenance cost effectiveness, (3) bridge deck protection, (4) cement and concrete, (5) chemical control of snow and ice, and (6) long-term pavement performance. A 5-year program with an estimated cost of approximately $30 million has been outlined. and AASHTO has already appointed a director to initiate work on development of the program. A one-fourth percent takedown for 5 years from the funds authorized for the Interstate/primary, bridge replacement and rehabilitation, Interstate substitute, railway-highway, hazard elimination, and the highway portion of the HTBG will provide the necessary funds for SHRP. This takedown will be done in the same way the takedown is done for the metropolitan planning program. The funds would be earmarked for SHRP.

Exemption from State and/or Local Taxes: Several States have State taxes on materials used in construction. Since Title 23 does not specifically exclude such items as an eligible item for reimbursement under the Federal-aid program, they have been applied to Federal-aid projects. A provision is added to Title 23 that excludes such taxes from the items eligible for reimbursement. The proposed amendment allows the FHWA to obtain the maximum construction value for its share of project funding by eliminating the transfer of the Federal pro rata share of a contract tax to a State and/or local treasury.

Emergency Relief (ER): Currently, no match is required for ER funds. In order to manage the program more effectively and make the Federal share consistent with the share for the other programs of major Federal interest, the Federal share for ER projects is revised to make it the same as the Federal share for regular Federal-aid projects on the system on which the ER project is located; e.g., 90 percent for Interstate and 75 percent for primary.

Currently, the territories are not eligible for ER funds. However, since they receive Federal-aid funds, we have expanded the eligibility to include territories. There is a $5 million/year cap on ER funds for territories.

Currently, facilities on the secondary and urban system are eligible for ER funds. Since these systems will be eliminated under the HTBG only facilities on the Interstate and primary systems will be eligible for ER funds.

LEG-#60 T-1
02/03/86

Table 1
Authorizations
FYs 1987-1990 Federal-Aid Highway Program[1]
(In Millions of Dollars)

	FY 1987-1990
Interstate Construction/Interstate 4R/Primary	7,843[2]
Minimum Apportionment	250
Interstate Substitute Projects	500
Highway and Transit Block Grant[3]	2,200
Bridge Replacement & Rehabilitation	1,250
Hazard Elimination	175
Rail-Highway Crossing	190
Emergency Relief	100
Federal Lands Programs:	
Forest Highways	75
Public Highways	25
Indian Reservation Roads	75
Park Roads and Parkways	75
Territorial Highway Program	12
Total Federal-Aid Account	12,770
FHWA 402	10
FHWA 403	7
Total Highway Trust Fund	12,787

[1] Includes only FHWA Highway Trust Fund Highway Account authorizations. Not included are NHTSA authorizations ($139 million) and an appropriation for Motor Carrier Safety Operations (19.5 million).

[2] This combines Interstate Construction, I-4R, and Primary programs. Includes $50 million setaside for the Motor Carrier Safety Assistance Program.

[3] Only reflects funds from Highway Account of Highway Trust Fund. Highway and Transit Block Grant will also contain component derived from Mass Transit Account.

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